



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on State Public Sector Enterprises
for the period ended March 2023**



**Government of Uttar Pradesh
Report No. 9 of 2025
(Performance & Compliance Audit - Commercial)**

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Comptroller and Auditor General of India
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Preface

This Report deals with the results of the performance and compliance audit of State Public Sector Enterprises of the Government of Uttar Pradesh. The Report has been prepared for submission to the Governor of Uttar Pradesh under Article 151 of the Constitution of India and Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 as amended from time to time.

The accounts of Government Companies (including Government controlled other companies) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143 (6) of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the provisions of the Companies Act, 2013 are subject to supplementary audit by officers of the CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG. The audit arrangements of Statutory Corporations are prescribed under the respective Acts through which the Corporations are established.

This Report contains seven chapters. Chapter-I contains Financial Performance of State Public Sector Enterprises. Chapter-II contains Oversight role of the CAG. Chapter-III contains Corporate Governance. Chapter-IV contains Transition to Indian Accounting Standards and the impact of their adoption on State Public Sector Enterprises. Chapter-V contains Corporate Social Responsibility. Chapter-VI contains Performance Audit on the Working of Uttar Pradesh Rajkiya Nirman Nigam Limited. Chapter-VII contains Compliance Audit observations relating to State Public Sector Enterprises.

The instances mentioned in this Report are those which came to notice in the course of test audit for the year 2022-23 as well as those which came to notice in earlier years, but could not be reported in previous Audit Reports. Instances relating to the period subsequent to the year 2022-23 have also been included, wherever related and necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

About this Report

This Report presents an analysis of the financial performance of State Public Sector Enterprises (SPSEs) in Uttar Pradesh, the oversight role of the Comptroller and Auditor General (CAG) in relation to SPSEs, the state of corporate governance in SPSEs, the implementation of Indian Accounting Standards (Ind AS) by SPSEs, and the status of implementation of Corporate Social Responsibility by SPSEs. Besides, the significant results of the performance audit on the working of Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) and the compliance audits of SPSEs for the period ended March 2023 have also been presented in this Report.

The contents of this Report have been arranged under seven chapters, which are as follows:

- Chapter-I** : Financial Performance of State Public Sector Enterprises
- Chapter-II** : Oversight Role of the CAG
- Chapter-III** : Corporate Governance
- Chapter-IV** : Transition to Indian Accounting Standards and the impact of their adoption on State Public Sector Enterprises
- Chapter-V** : Corporate Social Responsibility
- Chapter-VI** : Performance Audit on the working of Uttar Pradesh Rajkiya Nirman Nigam Limited
- Chapter-VII** : Compliance Audit observations relating to State Public Sector Enterprises

Chapter-I: Financial Performance of State Public Sector Enterprises

As on 31 March 2023, there were 113 SPSEs under the audit jurisdiction of the CAG in Uttar Pradesh. Out of the 113 SPSEs, 86 were Government Companies, 21 were Government Controlled Other Companies, and six were Statutory Corporations. Further, out of the 113 SPSEs, 72 were functional and 41 were inactive (including 13 under liquidation). Of the 72 functional SPSEs, four had not submitted their first financial statements; these SPSEs were Lucknow City Transport Services Limited, Agra-Mathura City Transport Services Limited, Varanasi City Transport Services Limited, and Uttar Pradesh Rajya Krishi Evam Gramin Vikas Nigam Limited.

(Paragraphs 1.1 and 1.4)

Of the 68 functional SPSEs (excluding four SPSEs that had not submitted their first financial statements), 39 SPSEs had earned profits of ₹ 2,169.50 crore, while 27 SPSEs had incurred losses amounting to ₹ 32,393.08 crore, and two SPSEs reported no profit or loss, as per their latest finalised financial statements. While the top five profit-making SPSEs were Pashchimanchal Vidyut Vitran Nigam Limited, Uttar Pradesh Jal Vidyut Nigam Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh State Warehousing Corporation, and Uttar Pradesh Avas Evam Vikas Parishad, the top five loss-making SPSEs were Uttar Pradesh Power Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited, Madhyanchal

Vidyut Vitran Nigam Limited, and Uttar Pradesh Power Transmission Corporation Limited.

(Paragraphs 1.4, 1.26 and 1.27)

The turnover (₹ 92,696.60 crore) of the 68 functional SPSEs (excluding four SPSEs that had not submitted their first financial statements), as per their latest finalised financial statements, was 4.10 *per cent* of the Gross State Domestic Product of Uttar Pradesh for the year 2022-23 (₹ 22,57,575 crore).

(Paragraph 1.5)

As on 31 March 2023, the total investment in the 72 functional SPSEs was ₹ 4,12,768.89 crore (Equity: ₹ 2,82,529.29 crore and Long-term loans: ₹ 1,30,239.60 crore), of which the Government of Uttar Pradesh (GoUP) contributed ₹ 1,74,333.04 crore (Equity: ₹ 1,69,318.48 crore and Long-term loans: ₹ 5,014.56 crore), which accounted for 42 *per cent* of the total investment.

(Paragraph 1.7)

Apart from investing in equity and providing long-term loans to the SPSEs, GoUP also provides financial support to the SPSEs in the form of grants and subsidies through annual budgets, as well as guarantees to SPSEs seeking financial assistance from banks and financial institutions. The budgetary support by GoUP to SPSEs in the form of grants and subsidies increased from ₹ 23,439.82 crore in 2021-22 to ₹ 28,318.69 crore in 2022-23; and the outstanding guarantee commitments at the end of the year also increased from ₹ 37,387.30 crore as on 31 March 2022 to ₹ 46,641.91 crore as on 31 March 2023.

(Paragraph 1.10)

Of the 25 SPSEs that had outstanding loans and finance costs, as per their latest finalised financial statements, 13 SPSEs had an interest coverage ratio of more than one, indicating adequate earnings to meet their interest obligation. However, 12 SPSEs had an interest coverage ratio of less than one, which indicates that these SPSEs could not generate sufficient income to pay off their interest liability.

(Paragraph 1.15)

Of the 38 SPSEs, 36 SPSEs had total assets exceeding their outstanding long-term loans, indicating a relatively stronger asset position in relation to their debt obligations. However, two SPSEs, *viz.*, Uttar Pradesh State Spinning Company Limited and Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited, had total assets less than the outstanding long-term loans.

(Paragraph 1.16)

Of the 38 SPSEs that had loan liability, as per their latest finalised financial statements, six SPSEs had defaulted in servicing their debt.

(Paragraph 1.17)

Of the 68 functional SPSEs (excluding four SPSEs that had not submitted their first financial statements), 56 SPSEs had a current ratio of more than one at the year-end, indicating they had sufficient short-term assets to cover their short-term obligations. However, 12 SPSEs had a current ratio of less than one, which indicates that these SPSEs did not have sufficient short-term assets to meet their short-term obligations.

(Paragraph 1.19)

Of the 52 functional SPSEs that had positive shareholders' fund, 34 SPSEs had a positive Return on Equity (ROE), 16 SPSEs had a negative ROE, and two SPSEs had a 'Nil' ROE.

(Paragraph 1.21)

Analysis of the net worth of the 68 SPSEs, as per their latest finalised financial statements, indicated that the net worth of 16 SPSEs had completely eroded. The paid-up capital, and free reserves and surplus of these SPSEs were ₹ 26,891.32 crore, while the accumulated losses and deferred revenue expenditure stood at ₹ 37,979.25 crore.

(Paragraph 1.22)

Of the 59 functional SPSEs that had positive capital employed, as per their latest finalised financial statements, 41 SPSEs had a positive Return on Capital Employed (ROCE), 16 SPSEs had a negative ROCE, and two SPSEs had 'Nil' ROCE.

(Paragraph 1.23)

Chapter-II: Oversight Role of CAG

Of the 113 SPSEs under the audit jurisdiction of the CAG in Uttar Pradesh, only 10 SPSEs had submitted their financial statements for the year 2022-23 to the CAG up to 30 September 2023. Further, two SPSEs under liquidation had submitted their financial statements up to the date of going under liquidation. As on 30 September 2023, 324 annual accounts of 62 functional SPSEs, 603 annual accounts of 28 inactive SPSEs (excluding SPSEs under liquidation), and 120 annual accounts of 11 SPSEs under liquidation were in arrears for a period ranging between one and 41 years.

(Paragraph 2.3)

CAG conducted supplementary audit of 76 financial statements of 47 SPSEs (31 Government Companies, 12 Government Controlled other Companies and four Statutory Corporations) and issued comments/ Separate Audit Reports (SARs) thereon during the period from October 2022 to September 2023. The impact of some significant comments issued on the financial statements of SPSEs was ₹ 4,686.28 crore on profitability and ₹ 10,375.62 crore on financial position. The CAG also pointed out cases of non-compliance with Ind AS/AS in 32 financial statements of 22 SPSEs. In addition, the CAG issued 25 'Management Letters' to 18 SPSEs.

(Paragraphs 2.5 and 2.7 to 2.9)

As per the provisions of the respective Acts governing the Statutory Corporations, Separate Audit Reports (SARs) issued by the CAG on their accounts are to be laid before the State Legislature. Of the six Statutory Corporations, only two Statutory Corporations had placed all SARs issued by the CAG in the State Legislature. The remaining four Statutory Corporations had not placed 19 SARs (ranging between three and six years) issued by the CAG in the State Legislature, thereby not complying with the statutory requirements.

(Paragraph 2.10)

Chapter-III: Corporate Governance

Of the 32 SPSEs that were required to have at least two independent directors on their Boards, 26 SPSEs did not have any independent directors on their Boards, and two SPSEs had only one independent director on their Boards. Among the six SPSEs that had appointed independent directors, their attendance in Board meetings ranged between 50 and 80 *per cent*.

(Paragraphs 3.6 and 3.17)

Of the 31 SPSEs that were required to have at least one woman director on their Boards, 16 SPSEs had at least one woman director on their Board of Directors during the year 2022-23, whereas five SPSEs had a woman director for a part of the year, and 10 SPSEs had no woman director on their Board of Directors throughout the year.

(Paragraph 3.7)

Of the 66 functional SPSEs (excluding six Statutory Corporations), 35 SPSEs did not conduct the requisite four meetings of their Board of Directors during the year 2022-23. Further, in the case of five SPSEs, the intervening period between two meetings of the Board of Directors ranged between 134 and 178 days, exceeding the prescribed time limit of 120 days

(Paragraph 3.8)

Of the 32 SPSEs that were required to have an Audit Committee, 21 SPSEs constituted the Audit Committee during the year 2022-23. Of these 21 SPSEs, the composition of the Audit Committee in 18 SPSEs was not as per the provisions of the Companies Act, 2013.

(Paragraph 3.10)

Of the 32 SPSEs that were required to have a Nomination and Remuneration Committee (NRC) during the year 2022-23, 28 SPSEs did not have an NRC.

(Paragraph 3.11)

Out of the 66 functional SPSEs, six SPSEs were required to constitute a CSR Committee. All six SPSEs complied with this requirement during the year 2022-23. In addition, three other SPSEs voluntarily established the CSR Committee despite not being mandated to do so.

(Paragraph 3.12)

Of the 36 SPSEs that were required to appoint whole-time Key Managerial Personnel (KMPs), 21 SPSEs had appointed whole-time KMPs during the year 2022-23.

(Paragraph 3.20)

Of the 38 SPSEs that were required to appoint an internal auditor for the year 2022-23, 30 SPSEs appointed an internal auditor for the year 2022-23. Of these, in 28 SPSEs, internal audit was conducted by Chartered Accountant/Cost Accountant firms, while in two SPSEs, it was carried out by their respective internal audit wing.

(Paragraph 3.22)

Chapter-IV: Transition to Indian Accounting Standards and the impact of their adoption on State Public Sector Enterprises

Of the 107 SPSEs (excluding six statutory corporations), 26 SPSEs had adopted Indian Accounting Standards (Ind AS). Out of these 26 SPSEs, one SPSE had adopted Ind AS from its first financial statements.

(Paragraph 4.3)

Five SPSEs did not comply with the prescribed timelines for mandatory adoption of Ind AS, which not only constituted a violation of regulatory requirements but also hindered the alignment of financial reporting with internationally recognised standards.

(Paragraph 4.6)

Of the 25 SPSEs that had adopted Ind AS (excluding one SPSE that had adopted Ind AS from its first financial statements), 19 SPSEs did not prepare the required reconciliation statements in their first Ind AS-compliant financial statements.

(Paragraph 4.7)

The impact of the adoption of Ind AS on profit after tax, revenues, total assets, and net worth of the 25 SPSEs that adopted Ind AS (excluding one SPSE that had adopted Ind AS from its first financial statements) was as follows:

- There was no impact on the Profit after Tax (PAT) of 15 SPSEs. In the remaining 10 SPSEs, there was a total net impact of ₹ 162.58 crore on PAT, ranging from (-) ₹ 132.03 crore to ₹ 244.23 crore.
- There was no impact on the revenue from operations of 19 SPSEs. In the remaining six SPSEs, there was a total net impact of (-) ₹ 35.70 crore, ranging from (-) ₹ 40.07 crore to ₹ 3.30 crore.
- There was no impact on the value of total assets of 19 SPSEs. In the remaining six SPSEs, there was a total net impact of ₹ 1,879.31 crore on the value of total assets, ranging from (-) ₹ 1,064.12 crore to ₹ 8.55 crore.
- There was no impact on the net worth of 14 SPSEs. In the remaining 11 SPSEs, 10 SPSEs experienced a decrease in net worth by ₹ 244.33 crore, while one SPSE registered an increase of ₹ 150.85 crore, indicating a total net impact of (-) ₹ 93.48 crore.

(Paragraph 4.8)

Chapter-V: Corporate Social Responsibility

Out of the 66 functional SPSEs (excluding six Statutory Corporations), nine SPSEs were mandated to spend ₹ 8.75 crore on CSR activities during the respective succeeding financial year. Of these nine SPSEs, three SPSEs allocated and spent ₹ 4.44 crore against the required minimum amount of ₹ 4.14 crore. The remaining six SPSEs neither allocated nor spent any amount on CSR activities, against the required amount of ₹ 4.61 crore.

(Paragraph 5.3)

While most SPSEs fulfilled their basic obligation of forming CSR Committees and formulating CSR policies, lapses were observed in several other critical aspects of CSR governance. None of the four SPSEs required to formulate

Annual Action Plans had done so. CSR Committee meetings were irregular, and the disclosure of CSR-related information remained inadequate.

(Paragraphs 5.5 to 5.7, 5.14 and 5.15)

Chapter-VI: Performance Audit on the Working of Uttar Pradesh Rajkiya Nirman Nigam Limited

The Performance Audit on the Working of Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) was conducted to assess whether it had an effective and efficient financial management system; planned and executed its operations economically, efficiently, and effectively conforming with the objectives of the Company and in accordance with prescribed procedures and rules; and maintained adequate internal controls and monitoring mechanisms.

(Paragraph 6.5)

The Company, incorporated on 1 May 1975 as a State-owned construction undertaking with a view to undertake civil engineering works, is managed by a 10-member Board of Directors (BoD), including a Chairman and a Managing Director. The overall men in position ranged from 53 *per cent* to 66 *per cent* of the total sanctioned strength during the period from 2018-19 to 2022-23.

(Paragraphs 6.1 to 6.3)

Financial Management

The main source of funds for the Company is the amount received from clients against deposit works. The Company carried out the works for the years 2019-20 to 2021-22 in the absence of an appropriate budget, which affected the Company's ability to effectively monitor progress and exercise budgetary control.

(Paragraphs 6.11.1 and 6.11.2)

The Company, in the case of 99 works out of 1,003 works completed during the period 2018-19 to 2022-23, incurred expenditure of ₹ 65.80 crore in excess of funds received. Further, during the same period, the Company closed accounts of 33 completed deposit works. Of these, the Company, in the case of 22 works, did not refund the unspent balance of ₹ 1.65 crore to the concerned Departments of GoUP.

(Paragraphs 6.11.3 and 6.11.4)

GoUP directed (May 2015) the departments and SPSEs to deposit interest earned on funds released by it in the Treasury. However, the Company did not deposit an amount of ₹ 641.45 crore, being interest earned on funds released by the Government, into the Treasury. Further, the Company accounted for ₹ 7.47 crore, recovered as interest on mobilisation advances from contractors, as its own income, rather than crediting the amount to the Government's account and remitting it to the Treasury, as required.

(Paragraphs 6.11.5 and 6.11.6)

Operational Planning

During the period 2018-19 to 2022-23, the Company obtained 1,192 cost-plus centage/deposit works valuing ₹ 7,550.91 crore on nomination basis, and secured 24 construction and 57 project management consultancy (PMC) works

valuing ₹ 2,814.04 crore and ₹ 1,953.06 crore, respectively, through tenders. Audit observed that though the number of deposit/cost plus centage works assigned to the Company increased from 209 in 2018-19 to 275 in 2022-23, the sanctioned cost thereof dropped significantly from ₹ 2,956 crore in 2018-19 to ₹ 777.93 crore in 2022-23, indicating that the Company was being entrusted with low ticket size works. Notably, GoUP withdrew the award of deposit works above ₹ 50 crore on nomination basis to the Company in December 2019.

(Paragraph 6.12.1)

Out of 14 disqualified tenders examined in detail, the Company was disqualified in seven cases due to insufficient document submission, and in seven other tenders, the clients disqualified the Company on account of blacklisting by the Infrastructure Committee of Subordinate Judiciary. The Company was the lowest bidder in six rejected tenders valuing ₹ 1,354.11 crore.

(Paragraph 6.12.2)

Detailed examination of 57 deposit/cost plus centage works valuing ₹ 3,939.08 crore indicated that the Company commenced 34 works valuing ₹ 2,058.35 crore before obtaining Technical Sanction. Further, the Company commenced construction on 12 works without obtaining the requisite environmental clearance.

(Paragraphs 6.12.4 and 6.12.5)

Execution of Operations

In five works, the Unit In-charges, in deviation from the Company's established procedures, issued 52 work orders aggregating ₹ 1,047.67 crore for complete items of work, without obtaining the required authorisation from the Managing Director and without intimating the Board of Directors. Besides, instead of inviting open tenders, all 52 work orders were issued by the Unit In-charges after inviting quotations from empanelled contractors.

(Paragraph 6.13.2)

The Company, in three works, released advances amounting to ₹ 20.40 crore to three sub-contractors for providing financial assistance without obtaining any bank guarantee/security. Further, the Company also released advances of ₹ 18.47 crore to six sub-contractors against materials supplied without entering into a formal agreement to secure a lien on the materials, and of ₹ 245.71 crore to 14 sub-contractors against work done but not measured, without quantification of work done and certification from the Company's engineer.

(Paragraph 6.13.4)

In three works, the Company short recovered interest on mobilisation advance amounting to ₹ 4.97 crore from the sub-contractors. Further, the Company did not deduct the Workers' Welfare Cess amounting to ₹ 2.03 crore from the bills of the contractors.

(Paragraphs 6.13.5 and 6.13.7)

The Company, in violation of the provisions of the agreement, did not deduct the payment of ₹ 2.81 crore made by it to the Project Management Consultant from the bills of the contractor.

(Paragraph 6.13.8)

The Company incurred an excess expenditure of ₹ 89.21 lakh due to awarding the work of excavation (hard rock without blasting) at higher rates. Besides, an excess payment of ₹ 1.83 crore was made to the contractor due to irregular payment towards the cost of centering and shuttering, which was already subsumed in the cost of reinforced cement concrete items.

(Paragraph 6.13.9)

The Company executed dewatering work valuing ₹ 12.86 crore without obtaining formal written approval from the New Okhla Industrial Development Authority (NOIDA) regarding the estimated quantum of work to be executed in terms of quantity/duration, resulting in stalling of its claim.

(Paragraph 6.13.11)

The Company increased the quantity of existing items of work and included new items of work without informing the administrative department, resulting in denial of centage amounting to ₹ 9.42 crore by the Expenditure Finance Committee.

(Paragraph 6.13.12)

Internal Controls and Monitoring

The financial statements of the Company were in arrears for seven years (2016-17 to 2022-23), and annual reports were not laid before the State Legislature since 2000-01.

(Paragraphs 6.14.1 and 6.14.2)

There was a significant unreconciled debit balance of ₹ 316.87 crore on account of inter-unit transactions. Further, the Company could not obtain certificates for UPVAT deducted at source by the clients, amounting to ₹ 176.83 crore.

(Paragraphs 6.14.3 and 6.14.4)

The Company did not have any independent directors on its Board of Directors during the period 2018-19 to 2022-23. Besides, it did not constitute an Audit Committee or a Nomination and Remuneration Committee.

(Paragraphs 6.14.5 and 6.14.6)

The Company had to bear an additional burden of ₹ 165.72 crore due to financial irregularities in 137 deposit works. Further, in the case of seven works, payments of ₹ 31.72 crore were made without actual execution of work.

(Paragraphs 6.14.10 and 6.14.11)

Recommendations

- **The Company may maintain a centralised repository of frequently required documents and establish a rigorous internal review process for all bids to ensure full compliance with tender requirements before submission.**
- **The Company may develop and implement a comprehensive action plan to address the issue of blacklisting.**
- **The Company may execute additional works only after obtaining prior written approval from the client.**

- The Company may devise a time-bound plan to clear the backlog of seven years' financial statements (2016-17 to 2022-23). Further, the Company may establish a financial reporting mechanism to oversee the timely preparation of accounts, audit, and adoption of annual financial statements.
- The Company may prioritise investigating and resolving the ₹ 316.87 crore net debit balance through comprehensive reconciliation procedures.

Chapter-VII: Compliance Audit observations relating to State Public Sector Enterprises

In January 2021, **DMIC Integrated Industrial Township Greater Noida Limited** (Company) awarded a contract worth ₹ 70.87 crore to the L-1 consortium for the supply, implementation, integration, operations, and maintenance of smart city information and communication technology components at the Integrated Industrial Township, Greater Noida. However, in June 2021, the Company cancelled the award after discovering that the consortium had misrepresented material facts in their submitted affidavit, and returned (August 2021) the bank guarantee of ₹ two crore towards Earnest Money Deposit (EMD). Audit observed that the return of the EMD, in case of the cancellation of the contract due to misrepresentation of facts, was in violation of the terms and conditions stipulated in the bid documents.

(Paragraph 7.1)

Uttar Pradesh State Road Transport Corporation did not publish the tender notice in local newspapers, which led to the cancellation of the tender. In the subsequent tendering process, the Corporation did not receive bids comparable to those in the first tender and ultimately had to award the contract at lower rates. This led to a revenue loss of ₹ 2.15 crore for the Corporation.

(Paragraph 7.2)

CHAPTER–I
Financial Performance of State
Public Sector Enterprises

CHAPTER-I

Financial Performance of State Public Sector Enterprises

This chapter presents an analysis of the financial performance of State Public Sector Enterprises (SPSEs) regarding government investments in equity and long-term loans, various ratios indicating the financial performance of SPSEs, and return on investment.

Introduction

1.1 The term State Public Sector Enterprises (SPSEs) encompasses Government Companies and Government Controlled Other Companies, incorporated under the Companies Act, 2013, and Statutory Corporations established under an Act of the Parliament or the State Legislature.

Government Company

A Government Company is defined under 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 the 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 such a Government Company.

Government Controlled Other Company

Any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, is referred to as a Government Controlled Other Company.

Statutory Corporation

A Corporation is set up under a statute enacted by the Parliament or the State Legislature.

As on 31 March 2023, there were 113 SPSEs in Uttar Pradesh under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Out of the 113 SPSEs, 86 were Government Companies, 21 were Government Controlled Other Companies, and six were Statutory Corporations. No SPSEs were listed on any stock exchange. Further, out of the 113 SPSEs, 72 SPSEs² were functional, and 41 SPSEs³ were inactive (including 13 under liquidation), which had ceased their operations. Based on the nature of activities undertaken by the SPSEs, the 72 functional SPSEs have been categorised into two sectors, *viz.*, Power Sector (12 SPSEs) and Other than Power Sector (60 SPSEs).

Audit mandate

1.2 Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints Chartered

¹ Companies (Removal of Difficulties) Seventh Order, 2014 notified (4 September 2014) by the Ministry of Corporate Affairs, Government of India.

² 47 Government Companies, 19 Government Controlled Other Companies, and six Statutory Corporations.

³ 39 Government Companies and two Government Controlled Other Companies.

Accountants as Statutory Auditors of Government Companies and Government Controlled Other Companies, and gives directions on the manner in which the accounts are to be audited. In addition, the CAG has the right to conduct a supplementary audit of such companies.

The statutes governing Statutory Corporations either require the CAG to conduct the audit of their accounts as the sole auditor, or to conduct a supplementary audit after the audit is conducted by Chartered Accountants appointed under the respective statutes governing the Statutory Corporations.

Role of Government and Legislature

1.3 The State Government exercises control over the affairs of the SPSEs through its administrative departments. The State Legislature also monitors the annual financial results of the SPSEs. For this, Annual Reports together with the Statutory Auditors' Reports and comments of the CAG on the accounts of Government Companies, and Separate Audit Reports on the accounts of Statutory Corporations are to be placed before the State Legislature under Sections 394/395 of the Companies Act, 2013 or as stipulated in the respective statutes governing the Statutory Corporations.

Status of financial statements

1.4 Out of the 72 functional SPSEs, only 10 SPSEs had submitted their financial statements for the year 2022-23 up to 30 September 2023. Further, four SPSEs, viz., Lucknow City Transport Services Limited (Date of Incorporation - 1 February 2010), Agra-Mathura City Transport Services Limited (Date of Incorporation – 8 July 2010), Varanasi City Transport Services Limited (Date of Incorporation – 15 June 2010), and Uttar Pradesh Rajya Krishi Evam Gramin Vikas Nigam Limited (Date of Incorporation – 4 October 2018), had not submitted even their first financial statements. The sector-wise status of financial statements submitted by the 68 SPSEs⁴ up to 30 September 2023 is given in **Table 1.1**.

Table 1.1: Sector-wise status of financial statements of functional SPSEs

Sector	No. of SPSEs	Status of the latest financial statements submitted up to 30 September 2023		
		No. of SPSEs that submitted financial statements for the year 2022-23	No. of SPSEs that submitted financial statements for the year 2021-22	No. of SPSEs that submitted financial statements for the year 2020-21 or previous years
Power Sector	12	6	5	1
Other than Power Sector	56	4	12	40
Total	68	10	17	41

Source: Compiled based on the latest finalised financial statements of the SPSEs

The financial position and working results of the 68 functional SPSEs as per their latest finalised financial statements submitted up to 30 September 2023 are given in **Appendix 1.1** and summarised in **Table 1.2**.

⁴ Excluding four SPSEs that had not submitted even their first financial statements up to 30 September 2023.

Table 1.2: Summary of financial position and working results of functional SPSEs⁵

Particulars	Amount
Paid-up share capital including share application money (65 SPSEs) ⁶	₹ 2,69,767.43 crore
Loan (38 SPSEs)	₹ 1,22,425.56 crore
Turnover	₹ 92,696.60 crore
Net profit after finance cost & tax (39 SPSEs)	₹ 2,169.50 crore
Net loss after finance cost & tax (27 SPSEs)	(-) ₹ 32,393.08 crore
Zero Profit/Loss after finance cost & tax (2 SPSEs)	--
Total Assets	₹ 5,56,531.58 crore
Net worth	₹ 85,820.10 crore

Source: Compiled based on the latest finalised financial statements of the SPSEs

Contribution of SPSEs to the Gross State Domestic Product

1.5 A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of their activities in the State economy. Sector-wise turnover⁷ *vis-à-vis* share of turnover of the 68 functional SPSEs in the Gross State Domestic Product (GSDP) of Uttar Pradesh for the year 2022-23 (₹ 22,57,575 crore)⁸ is detailed in **Table 1.3**.

Table 1.3: Sector-wise turnover *vis-à-vis* share of turnover of SPSEs in the GSDP of Uttar Pradesh

Sl. No.	Sector	No. of SPSEs	Turnover (₹ in crore)	Share of turnover in GSDP (in per cent)
1.	Power Sector	12	77,053.32 ⁹	3.41
2.	Other than Power Sector	56	15,643.28	0.69
Total		68	92,696.60	4.10

Source: Compiled based on the latest finalised financial statements of the SPSEs

From **Table 1.3**, it can be seen that the turnover (₹ 92,696.60 crore) of these 68 functional SPSEs was 4.10 *per cent* of the Gross State Domestic Product (GSDP) of Uttar Pradesh (₹ 22,57,575 crore) for the year 2022-23. The highest share of turnover in the GSDP was from the Power Sector, which contributed 3.41 *per cent*, while the Other than Power Sector contributed only 0.69 *per cent*.

Investment in SPSEs

1.6 Investment in SPSEs consists of equity and long-term loans provided by the Government of Uttar Pradesh (GoUP). The GoUP also provides financial support to the SPSEs in the form of grants and subsidies through annual budgets. The investment in the 72 functional SPSEs is discussed in the succeeding paragraphs.

⁵ The figures in Table 1.2 have been compiled based on financial data of SPSEs for different years as indicated in Table 1.1.

⁶ There was no paid-up capital in the case of Uttar Pradesh Jal Nigam, Uttar Pradesh Forest Corporation, and Uttar Pradesh Avas Evam Vikas Parishad.

⁷ As per the latest finalised financial statements of the SPSEs received up to 30 September 2023.

⁸ As per the data published by the Ministry of Statistics and Programme Implementation, Government of India.

⁹ Excluding the turnover of Uttar Pradesh Power Corporation Limited (Holding Company of DISCOMs), as its turnover becomes the purchase of power of DISCOMs, which is further sold by DISCOMs.

GoUP's stake in SPSEs

1.7 The sector-wise investment made by GoUP in the 72 functional SPSEs, in the form of equity and long-term loans, as on 31 March 2023, is given in **Table 1.4**.

Table 1.4: Details of investment made by GoUP in SPSEs as on 31 March 2023

Sector	No. of SPSEs	Total investment			Investment by GoUP		
		Equity	Long-term loans	Total	Equity	Long-term loans	Total
Power Sector	12	2,56,815.30	1,13,418.40	3,70,233.70	1,57,818.01	64.65	1,57,882.66
Other than Power Sector	60	25,713.99	16,821.20	42,535.19	11,500.47	4,949.91	16,450.38
Total	72	2,82,529.29	1,30,239.60	4,12,768.89	1,69,318.48	5,014.56	1,74,333.04

Source: Compiled based on information provided by the SPSEs

From **Table 1.4**, it can be seen that GoUP had invested ₹ 1,74,333.04 crore (Equity - ₹ 1,69,318.48 crore and Long-term loans - ₹ 5,014.56 crore) in the SPSEs, which accounted for 42 per cent of the total investment in these SPSEs. It can further be seen that 91 per cent of the total investment made by GoUP in the SPSEs was in Power Sector SPSEs.

Further, the investment in equity and long-term loans in the 72 functional SPSEs as on 31 March 2022 and 31 March 2023 is given in **Table 1.5**.

Table 1.5: Details of investment in equity and long-term loans in SPSEs

Particulars	As on 31 March 2022			As on 31 March 2023		
	Equity	Long-term loans	Total	Equity	Long-term loans	Total
State Government	1,56,855.64	4,023.07	1,60,878.71	1,69,318.48	5,014.56	1,74,333.04
Central Government	4,103.89	812.00	4,915.89	4,159.10	979.03	5,138.13
Others ¹⁰	99,136.09	1,32,345.00	2,31,481.09	1,09,051.71	1,24,246.01	2,33,297.72
Total	2,60,095.62	1,37,180.07	3,97,275.69	2,82,529.29	1,30,239.60	4,12,768.89
Share of GoUP in total investment (in per cent)	60.31	2.93	40.50	59.93	3.85	42.24

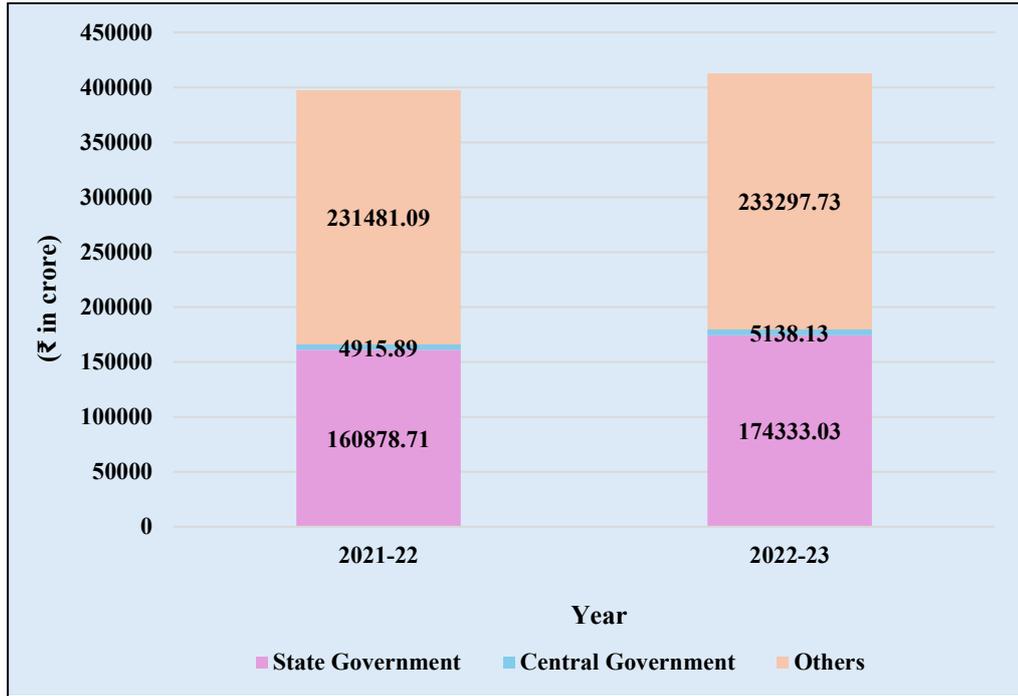
Source: Compiled based on information provided by the SPSEs

From **Table 1.5**, it can be seen that the total investment in the SPSEs increased from ₹ 3,97,275.69 crore as on 31 March 2022 to ₹ 4,12,768.89 crore as on 31 March 2023. This included infusion of equity of ₹ 12,462.84 crore and long-term loans of ₹ 991.49 crore by GoUP.

The year-wise break-up of sources of total investment in the SPSEs at the end of the periods from 2021-22 to 2022-23 is depicted in **Chart 1.1** below:

¹⁰ Includes investment made by SPSEs and Autonomous bodies.

Chart 1.1: Sources of total investment in SPSEs



Source: Compiled based on information provided by the SPSEs

Investment in equity by GoUP

1.8 GoUP invested an amount of ₹ 24,795.13 crore as equity in 12 SPSEs during the two years from 2021-22 to 2022-23. The equity infused by GoUP in SPSEs increased from ₹ 12,332.29 crore in 2021-22 to ₹ 12,462.84 crore in 2022-23. Further, SPSE-wise equity infused by GoUP during the two years 2021-22 and 2022-23 is given in **Table 1.6**.

Table 1.6: SPSE-wise details of equity infused by GoUP during 2021-22 and 2022-23

Sl. No.	Name of the SPSE	Equity investment (₹ in crore)		
		2021-22	2022-23	Total
1.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2,035.05	1,522.32	3,557.37
2.	Uttar Pradesh Power Transmission Corporation Limited	1,066.87	1,277.25	2,344.12
3.	Uttar Pradesh Power Corporation Limited	7,772.14	7,413.24	15,185.38
4.	Noida Metro Rail Corporation Limited	387.57	25.00	412.57
5.	Uttar Pradesh State Road Transport Corporation	9.05	220.00	229.05
6.	Noida International Airport Limited	222.88	1,102.79	1,325.67
7.	Uttar Pradesh Medical Supplies Corporation Limited	0.68	2.49	3.17
8.	Bareilly Smart City Limited	-	185.75	185.75
9.	UP Metro Rail Corporation Limited	543.05	714.00	1,257.05
10.	Kanpur Smart City Limited	0.25	-	0.25
11.	Moradabad Smart City Limited	50.00	-	50.00
12.	Prayagraj Smart City Limited	244.75	-	244.75
Total		12,332.29	12,462.84	24,795.13

Source: Compiled based on information provided by the SPSEs

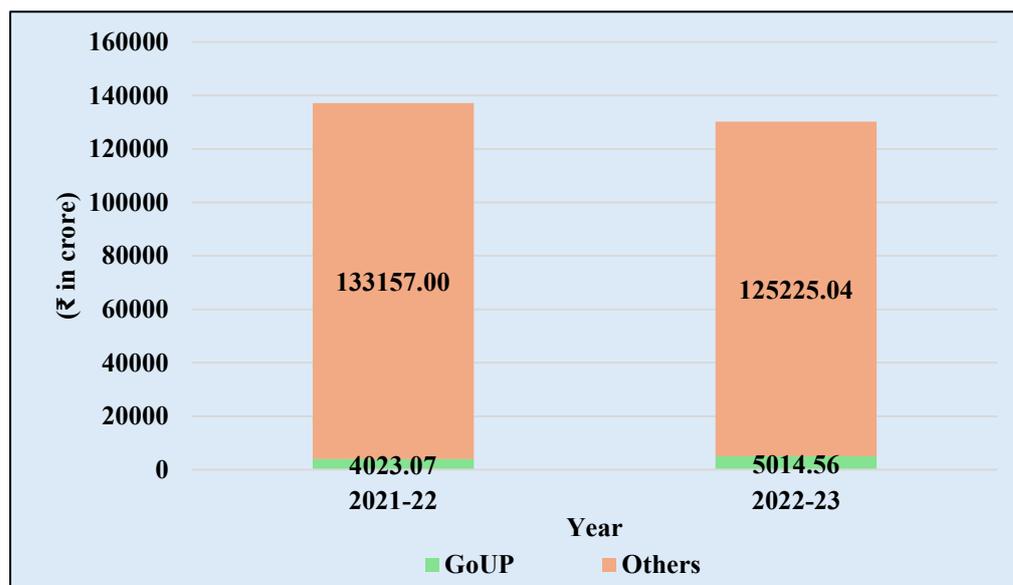
From **Table 1.6**, it can be seen that the maximum equity was infused in three Power Sector SPSEs viz., Uttar Pradesh Power Corporation Limited (61 per cent), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (14 per cent) and Uttar Pradesh Power Transmission Corporation Limited (9 per cent).

Loans provided to SPSEs

1.9 On the basis of information furnished by the SPSEs, 37 functional SPSEs had total outstanding long-term loans aggregating to ₹ 1,30,239.60 crore as on 31 March 2023 against ₹ 1,37,180.07 crore as on 31 March 2022. Of these, loans from GoUP stood at ₹ 5,014.56 crore (3.85 per cent) as on 31 March 2023 against ₹ 4,023.07 crore (2.93 per cent) as on 31 March 2022.

The year-wise position of outstanding long-term loans of SPSEs is depicted in **Chart 1.2**.

Chart 1.2: Outstanding long-term loans of SPSEs



Source: Compiled based on information provided by the SPSEs

From **Chart 1.2**, it can be seen that the outstanding long-term loans given by GoUP to the SPSEs increased from ₹ 4,023.07 crore as on 31 March 2022 to ₹ 5,014.56 crore as on 31 March 2023 *i.e.*, an increase of 25 per cent. On the other hand, outstanding long-term loans from other sources decreased from ₹ 1,33,157 crore as on 31 March 2022 to ₹ 1,25,225.04 crore as on 31 March 2023.

Other Budgetary Support

1.10 Apart from investing in equity and providing long-term loans to the SPSEs, GoUP also provides financial support to the SPSEs in the form of grants and subsidies through annual budgets. GoUP also provides guarantees to SPSEs seeking financial assistance from banks and financial institutions. The details of budgetary support extended by GoUP to SPSEs in the form of grants and subsidies and guarantees provided by GoUP to SPSEs during the last two years ended 31 March 2023 are summarised in **Table 1.7**.

Table 1.7: Details of budgetary support and guarantees provided by GoUP to SPSEs

Particulars	(₹ in crore)			
	2021-22		2022-23	
	No. of SPSEs	Amount	No. of SPSEs	Amount
Grants and Subsidies	19	23,439.82	26	28,318.69
Guarantees issued during the year	1	347.09	1	5,242.68
Outstanding guarantee commitments at the end of the year	4	37,387.30	5	46,641.91

Source: Compiled based on information provided by the SPSEs

From **Table 1.7**, it can be seen that budgetary support by GoUP to SPSEs in the form of grants and subsidies increased from ₹ 23,439.82 crore in 2021-22 to ₹ 28,318.69 crore in 2022-23. Further, the outstanding guarantee commitments at the end of the year also increased from ₹ 37,387.30 crore as on 31 March 2022 to ₹ 46,641.91 crore as on 31 March 2023.

Investment and other budgetary support to SPSEs with accounts in arrears

1.11 The Administrative Departments have the responsibility to oversee the activities of the SPSEs and to ensure that the accounts are finalised and adopted by the SPSEs within the stipulated period. The concerned Administrative Departments are regularly¹¹ informed about the status of accounts in arrears by the concerned Principal Accountant General(s)/ Accountant General(s).

Out of the 72 functional SPSEs, GoUP provided budgetary support of ₹ 10,846.19 crore (equity: ₹ 4,560.68 crore; long-term loans: ₹ 1,107.15 crore; grants: ₹ 4,387.07 crore; and subsidies: ₹ 791.29 crore) to 30 SPSEs during the period for which accounts of these SPSEs were in arrears. SPSE-wise details of investments made and other budgetary support provided by GoUP during the period for which accounts were in arrears are given in **Appendix 1.2**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured that the purpose for which the amount was invested/provided was achieved. The investment/other budgetary support by GoUP in these SPSEs, therefore, remained outside the oversight of the State Legislature.

Reconciliation with the Finance Accounts of GoUP

1.12 The figures in respect of equity, long-term loans and guarantees outstanding as per records of the SPSEs should agree with the figures appearing in the Finance Accounts of GoUP. In case the figures do not agree, the concerned SPSE and the Finance Department of GoUP should carry out reconciliation of the differences.

Audit observed that, as on 31 March 2023, there were differences in the figures of equity, long-term loans, and outstanding guarantees as per the Finance Accounts and the records of SPSEs in 44 SPSEs out of the 72 functional SPSEs. Details are given in **Appendix 1.3** and summarised in **Table 1.8**.

Table 1.8: Details of equity, loans, and guarantees outstanding as per the Finance Accounts of GoUP vis-à-vis records of SPSEs

	(₹ in crore)	
Outstanding in respect of	Amount as per the records of SPSEs	Amount as per the Finance Accounts
Equity ¹²	1,69,237.72	1,62,252.55
Long-term loans	5,014.56	3,606.78
Outstanding guarantees	58,803.39	1,31,221.14

Source: Compiled based on information provided by the SPSEs and Finance Accounts for the year 2022-23

Winding up of inactive SPSEs

1.13 During the year 2022-23, one inactive SPSE (Southern-UP Power Transmission Company Limited) was struck off (May 2022) from the register of companies by the Office of the Registrar of Companies, Ministry of Corporate Affairs, and the SPSE was dissolved.

¹¹ On quarterly basis.

¹² Paid up capital including share application money.

Further, as on 31 March 2023, there were 41 inactive SPSEs in the State that had ceased their operations. Out of these, 13 SPSEs were under liquidation. The remaining 28 SPSEs had an investment of ₹ 1,074.36 crore (GoUP - ₹ 515.02 crore¹³ and Others - ₹ 559.34 crore¹⁴) as per their latest finalised financial statements and information provided by the SPSEs. GoUP may take urgent and appropriate action regarding these SPSEs.

Analysis of loans

1.14 As per the latest finalised financial statements submitted by the SPSEs up to 30 September 2023, 38 functional SPSEs had outstanding long-term loans aggregating to ₹ 1,22,425.56 crore as detailed in **Appendix 1.1**. An analysis of loans of these SPSEs was done to assess the ability of the SPSEs to service the debt owed to GoUP, Banks, and other Financial Institutions. This was assessed based on the interest coverage ratio and the ratio of total assets to long-term debts. Further, an age-wise analysis of interest outstanding on GoUP loans was also done. The results of the analysis are discussed in the succeeding paragraphs.

Interest Coverage Ratio

1.15 The interest coverage ratio is used to determine the ability of an entity to pay interest on outstanding debt and is calculated by dividing the entity's Earnings Before Interest and Taxes (EBIT) by interest expenses for the same period. The lower the ratio, the less is the ability of the entity to pay interest on debt. An interest coverage ratio below one indicates that the entity is not generating sufficient income to meet its expenses on interest. The details of the interest coverage ratio of 25 SPSEs¹⁵ that had outstanding loans and finance costs, as per their latest finalised financial statements, are given in **Table 1.9**.

Table 1.9: Details of Interest Coverage Ratio of SPSEs

Type of SPSE	No. of SPSEs that had outstanding loans and finance cost	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	No. of SPSEs with an interest coverage ratio equal to or more than one	No. of SPSEs with an interest coverage ratio of less than one
Government Companies	22	12,326.52	-3,388.90	11	11
Government Controlled Other Companies	1	0.07	0.61	1	-
Statutory Corporations	2	52.90	-180.40	1	1
Total	25	12,379.49	-3,568.69	13	12

Source: Compiled based on the latest finalised financial statements of the SPSEs

From **Table 1.9**, it can be seen that 13 SPSEs had an interest coverage ratio of more than one, indicating adequate earnings to meet their interest obligation. However, 12 SPSEs had an interest coverage ratio of less than one, which indicates that these SPSEs could not generate sufficient income to pay off their interest liability.

¹³ Equity - ₹ 291.67 crore and long-term loans - ₹ 223.35 crore.

¹⁴ Equity - ₹ 506.74 crore) and long-term loans - ₹ 52.60 crore.

¹⁵ The remaining 13 SPSEs didn't have any finance costs during the year despite having outstanding loans.

Adequacy of assets to meet long-term loan liabilities

1.16 The ratio of long-term loans to total assets is one of the methods used to determine whether an entity can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its long-term loans. Coverage of long-term loans by value of total assets in the 38 SPSEs, as per the latest finalised financial statements, is given in **Table 1.10**.

Table 1.10: Details of coverage of long-term loans with total assets of SPSEs

Type of SPSE	Positive coverage				Negative coverage			
	No. of SPSEs	Long-term loans (₹ in crore)	Total assets (₹ in crore)	Ratio of total assets to total long-term loans	No. of SPSEs	Long-term loans (₹ in crore)	Total Assets (₹ in crore)	Ratio of total assets to total long-term loans
Government Companies	28	1,16,801.06	3,07,760.31	2.63	2	103.89	45.57	0.44
Government Controlled Other Companies	4	3,616.59	3,652.68	1.01	-	-	-	-
Statutory Corporations	4	1,904.02	71,667.62	37.64	-	-	-	-
Total	36	1,22,321.67	3,83,080.61	3.13	2	103.89	45.57	0.44

Source: Compiled based on the latest finalised financial statements of the SPSEs

From **Table 1.10**, it can be seen that out of the 38 SPSEs, 36 SPSEs had total assets exceeding their outstanding long-term loans, indicating a relatively stronger asset position in relation to their debt obligations. However, two SPSEs, viz., Uttar Pradesh State Spinning Company Limited and Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited, had total assets less than the outstanding long-term loans.

Servicing of interest charges and repayment of principal

1.17 Out of the 38 SPSEs that had loan liability, as per their latest finalised financial statements, six SPSEs, as given in **Table 1.11**, had defaulted in servicing their debt (principal/interest charges) as per the Statutory Auditors' Report on the latest finalised financial statements.

Table 1.11: Details of SPSEs that defaulted in servicing their debt

Sl. No.	Name of the SPSE	Source of loan	Year of latest finalised financial statements	Amount of default (₹ in crore)
1.	Uttar Pradesh Jal Vidyut Nigam Limited	GoUP	2021-22	64.65
2.	Uttar Pradesh State Agro Industrial Corporation Limited	Bank	2010-11	2.28
3.	Uttar Pradesh Small Industries Corporation Limited	GoUP	2011-12	0.21
4.	Uttar Pradesh Handicraft and Marketing Development Corporation Limited	GoUP	2008-09	0.02
5.	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Uttar Pradesh Sugar Special Fund	2017-18	1.30
6.	Shreetron India Limited	GoUP	2021-22	0.80
Total				69.26

Source: Compiled based on the Statutory Auditors' Reports

From **Table 1.11**, it can be seen that the highest amount of default (93 per cent of the total default amount) in the servicing of debt was on the part of Uttar Pradesh Jal Vidyut Nigam Limited.

Age-wise analysis of interest outstanding on GoUP loans

1.18 On the basis of information furnished by the SPSEs, interest of ₹ 1,561.90 crore was outstanding against eight SPSEs on long-term loans provided by GoUP as on 31 March 2023. The age-wise analysis of interest outstanding on GoUP loans is depicted in **Table 1.12**.

Table 1.12: Age-wise details of interest outstanding on GoUP loans

(₹ in crore)					
Sl. No.	Name of the SPSE	Total outstanding interest on GoUP loans	Interest outstanding for less than 1 year	Interest outstanding for 1 year to 3 years	Interest outstanding for more than 3 years
1.	The Pradeshiya Industrial & Investment Corporation Limited	36.38	0	0	36.38
2.	Uttar Pradesh State Spinning Company Limited	44.91	5.16	14.25	25.50
3.	Uttar Pradesh State Handloom Corporation Limited	33.95	0	3.61	30.34
4.	Uttar Pradesh Jal Vidyut Nigam Limited	267.76	10.60	31.79	225.37
5.	Uttar Pradesh Small Industries Corporation Limited	2.53	0.11	0.36	2.06
6.	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	54.50	7.98	19.27	27.25
7.	Uttar Pradesh Jal Nigam	571.38	13.44	40.32	517.62
8.	Uttar Pradesh State Sugar Corporation Limited	550.49	128.65	361.43	60.41
Total		1,561.90	165.94	471.03	924.93

Source: Compiled based on information provided by the SPSEs

From **Table 1.12**, it can be seen that a major part of the interest outstanding for more than three years pertained to three SPSEs, *viz.*, Uttar Pradesh Jal Nigam, Uttar Pradesh Jal Vidyut Nigam Limited and Uttar Pradesh State Sugar Corporation Limited.

Liquidity analysis of SPSEs

1.19 Current Ratio is a liquidity ratio that measures an entity's ability to pay its short-term obligations or those dues that are payable within one year. It compares the entity's current assets with its current liabilities. It is a useful measure of an entity's short-term solvency. A current ratio of less than one indicates that the entity's short-term obligations are greater than its short-term assets, and it is not able to pay off such dues with its available current assets. A current ratio of more than one indicates that the entity has sufficient short-term assets to meet its short-term obligations. The formula for current ratio is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Audit analysed the current ratio of the 68 functional SPSEs¹⁶, as per their latest finalised financial statements, and observed that 56 SPSEs had a current ratio of more than one at the year-end, indicating they had sufficient short-term assets to cover their short-term obligations. However, 12 SPSEs had a current ratio of less than one at the year-end, which indicates that these SPSEs did not have sufficient short-term assets to meet their short-term obligations. Details of SPSEs with a current ratio of less than one are given in **Table 1.13**.

¹⁶ Excluding four SPSEs that have not submitted their first financial statements.

Table 1.13: Details of SPSEs with a current ratio of less than one

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Current Assets (₹ in crore)	Current Liabilities (₹ in crore)	Current Ratio
1.	Dakshinanchal Vidyut Vitran Nigam Limited	2022-23	18,172.42	18,701.88	0.97
2.	Kanpur Electricity Supply Company Limited	2022-23	3,483.14	3,817.84	0.91
3.	UPSIDC Power Company Limited	2013-14	0.00 ¹⁷	0.20	0.01
4.	Uttar Pradesh State Agro Industrial Corporation Limited	2010-11	368.36	376.61	0.98
5.	Uttar Pradesh Drugs and Pharmaceuticals Limited	2009-10	4.73	24.35	0.19
6.	Uttar Pradesh State Spinning Company Limited	2018-19	38.85	89.44	0.43
7.	The Pradeshiya Industrial and Investment Corporation of UP Limited	2020-21	68.76	281.47	0.24
8.	Meerut City Transport Services Limited	2017-18	0.95	1.08	0.88
9.	Kanpur City Transport Services Limited	2017-18	2.46	8.70	0.28
10.	Allahabad City Transport Services Limited	2019-20	0.62	6.69	0.09
11.	Noida International Airport Limited	2019-20	4.21	5.86	0.72
12.	Uttar Pradesh State Road Transport Corporation	2020-21	1,525.82	1,801.00	0.85

Source: Compiled based on the latest finalised financial statements of the SPSEs

Return on investment in SPSEs

1.20 The return on investment in SPSEs was assessed using the Return on Equity and Return on Capital Employed ratios. Further, the dividend payout by profit-earning SPSEs was also analysed. The results of the analysis are discussed in the succeeding paragraphs.

Return on Equity

1.21 Return on Equity (ROE) is a measure of financial performance that assesses how effectively the management is using an entity's assets to generate profits. It is calculated by dividing net income (*i.e.*, net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any entity where shareholders' fund is positive.

Shareholders' fund of an entity is calculated by adding paid-up capital and free reserves, net of accumulated losses and deferred revenue expenditure. It represents the amount that would be left for the entity's stakeholders if all assets were sold and debts paid off. A positive shareholders' fund indicates that the entity has sufficient assets to cover its liabilities, while a negative shareholders' fund means that liabilities exceed assets.

Out of the 68 SPSEs, 16 SPSEs had negative shareholders' fund. Audit computed the ROE for the remaining 52 SPSEs based on their latest finalised financial statements and observed that 34 SPSEs had a positive ROE, 16 SPSEs had a negative ROE¹⁸, and two SPSEs had a 'Nil' ROE¹⁹, as detailed in Table 1.14.

¹⁷ ₹ 27,915.

¹⁸ The ROE was negative as these SPSEs had incurred losses, as per their latest finalised financial statements.

¹⁹ The ROE was 'Nil' as these SPSEs had neither earned profits nor incurred losses, as per their latest finalised financial statements.

Table 1.14: Details of Return on Equity of SPSEs

Type of SPSE	No. of SPSEs having a negative ROE	No. of SPSEs having a 'Nil' ROE	No. of SPSEs having a positive ROE	
			Up to 10 per cent	Above 10 per cent
Government Companies	11	-	11	14
Government Controlled Other Companies	4	2	6	0
Statutory Corporations	1	-	2	1
Total	16	2	19	15

Source: Compiled based on the latest finalised financial statements of the SPSEs

Further, the sector-wise ROE of the abovementioned 52 SPSEs is given in **Table 1.15**.

Table 1.15: Sector-wise Return on Equity

Sector	No. of SPSEs	Net income (₹ in crore)	Shareholders' fund (₹ in crore)	ROE (in per cent)
Power Sector	8	-25,055.06	74,709.71	-33.54
Other than Power Sector	44	184.27	22,012.55	0.84
Total	52	-24,870.79	96,722.26	-25.71

Source: Compiled based on the latest finalised financial statements of the SPSEs

From **Table 1.15**, it can be seen that while the Power Sector had a negative ROE of 33.54 per cent, the Other than Power Sector had a meagre ROE of 0.84 per cent.

Erosion of Net Worth

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

The paid-up capital, free reserves and surplus/accumulated losses, deferred revenue expenditure, and net worth of the 68 SPSEs²⁰, as per their latest finalised financial statements, are detailed in **Appendix 1.1** and summarised in **Table 1.16**.

Table 1.16: Details of Net worth of SPSEs

Type of SPSE	Paid-up capital (including share application money)	Free reserves (+)/ accumulated profit (+)/ losses (-)	Deferred revenue expenditure ²¹	(₹ in crore)
				Net Worth
Government Companies	2,64,033.58	-1,87,972.54	0.18	76,060.86
Government Controlled Other Companies	4,560.14	39.22	0.71	4,598.65
Statutory Corporations	1,173.71	3,990.21	3.33	5,160.59
Total	2,69,767.43	-1,83,943.11	4.22	85,820.10

Source: Compiled based on the latest finalised financial statements of the SPSEs

An analysis of the net worth of the 68 SPSEs revealed that, the net worth of 16 SPSEs had completely eroded, as per their latest finalised financial statements. The paid-up capital, and free reserves and surplus of these SPSEs was ₹ 26,891.32 crore, while the accumulated losses and deferred revenue

²⁰ Four SPSEs did not submit their first accounts.

²¹ Deferred Revenue Expenditure being meagre amount is not detailed in Appendix 1.1

expenditure stood at ₹ 37,979.25 crore. Of these 16 SPSEs, the maximum net worth erosion was observed in five SPSEs, as detailed in **Table 1.17**.

Table 1.17: Details of SPSEs with maximum net worth erosion

Sl. No.	Name of the SPSE	Eroded net worth (₹ in crore)
1.	Dakshinanchal Vidyut Vitran Nigam Limited	-6,061.51
2.	Uttar Pradesh Jal Nigam	-1,820.15
3.	Kanpur Electricity Supply Company Limited	-1,755.65
4.	Uttar Pradesh Financial Corporation	-719.11
5.	The Pradeshiya Industrial and Investment Corporation of UP Limited	-241.17

Source: Compiled based on the latest finalised financial statements of the SPSEs

Return on Capital Employed

1.23 Return on Capital Employed (ROCE) is a ratio that measures an entity's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing the earnings before interest and taxes (EBIT) by the capital employed²². Out of the 68 SPSEs, nine SPSEs had negative capital employed. Audit computed the ROCE of the remaining 59 SPSEs, based on their latest finalised financial statements, and observed that 41 SPSEs had a positive ROCE, 16 SPSEs had a negative ROCE, and two SPSEs had 'Nil' ROCE, as detailed in **Table 1.18**.

Table 1.18: Details of Return on Capital Employed of SPSEs

Type of SPSE	No. of SPSEs with a negative ROCE	No. of SPSEs with 'Nil' ROCE	No. of SPSEs with a positive ROCE	
			Up to 10 per cent	Above 10 per cent
Government Companies	11	-	17	14
Government Controlled Other Companies	4	2	7	-
Statutory Corporations	1	-	2	1
Total	16	2	26	15

Source: Compiled based on the latest finalised financial statements of the SPSEs

Further, the sector-wise ROCE of all 68 SPSEs is detailed in **Table 1.19**.

Table 1.19: Sector-wise Return on Capital Employed

(₹ in crore)					
Sl. No.	Sector	No. of SPSEs	EBIT	Capital employed	ROCE (in per cent)
1.	Power Sector	12	-17,838.09	1,70,259.05	-10.48
2.	Other than Power Sector	56	314.93	37,986.61	0.83
Total		68	-17,523.16	2,08,245.66	-8.41

Source: Compiled based on the latest finalised financial statements of the SPSEs

Dividend Payout in SPSEs

1.24 As per the dividend policy formulated (October 2002) by GoUP, SPSEs earning profits shall pay a minimum dividend of five per cent on the share capital contributed by GoUP.

Out of the 68 SPSEs, 39 SPSEs earned profit as per their latest finalised financial statements. Out of these 39 SPSEs, 10 SPSEs had accumulated losses,

²² Capital employed = Paid-up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure. Figures are as per the latest finalised financial statements of the SPSEs.

and in seven SPSEs²³ GoUP had not contributed any share capital. Thus, 22 SPSEs were required to pay dividend of ₹ 243 crore²⁴ to GoUP. However, only 11 SPSEs declared dividend amounting to ₹ 8.25 crore. Details are given in **Table 1.20**.

Table 1.20: Details of minimum dividend to be paid and dividend declared by SPSEs

(₹ in crore)					
Type of SPSE	No. of SPSEs that earned profit and had no accumulated losses	Share capital contributed by GoUP	Dividend payable	No. of SPSEs that declared dividend	Dividend declared
Government Companies	18	18,965.94	242.45	10	4.68
Government Controlled Other Companies	3	208.25	0.17	-	0
Statutory Corporations	1	7.60	0.38	1	3.57
Total	22	19,181.79	243.00	11	8.25

Source: Compiled based on the latest finalised financial statements of the SPSEs

Operating efficiency of SPSEs

1.25 The operating efficiency of the SPSEs was assessed by analysing the profits earned and losses incurred by them. Further, their Net Profit Margin against Turnover was also assessed. The results of the analysis are discussed in the succeeding paragraphs.

Profits earned by SPSEs

1.26 As per the latest finalised financial statements, 39 SPSEs earned profits aggregating to ₹ 2,169.50 crore. Details of the six SPSEs that earned a profit of ₹ 100 crore or more are given in **Table 1.21**.

Table 1.21: Details of SPSEs that earned a profit of ₹ 100 crore or more

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Net profit after tax (₹ in crore)	Percentage of profit to total profit of SPSEs
1.	Pashchimanchal Vidyut Vitran Nigam Limited	2022-23	991.67	45.71
2.	Uttar Pradesh Jal Vidyut Nigam Limited	2021-22	275.88	12.72
3.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2021-22	235.66	10.86
4.	Uttar Pradesh State Warehousing Corporation	2020-21	165.53	7.63
5.	Uttar Pradesh Avas Evam Vikas Parishad	2021-22	144.68	6.67
6.	Uttar Pradesh Rajkiya Nirman Nigam Limited	2014-15	120.38	5.55
Total			1,933.80	89.14

Source: Compiled based on the latest finalised financial statements of the SPSEs

From **Table 1.21**, it can be seen that the abovementioned six SPSEs contributed more than 89 per cent of the total profit (₹ 2,169.50 crore) earned by the 39 SPSEs, with Pashchimanchal Vidyut Vitran Nigam Limited alone accounting for about 46 per cent of the total profit.

²³ Jawaharpur Vidyut Utpadan Nigam Limited, Shretron India Limited, Uptron Powertronics Limited, Almora Magnesite Limited, DMIC Integrated Industrial Township Greater Noida Limited, Uttar Pradesh Forest Corporation, and Uttar Pradesh Avas Evam Vikas Parishad.

²⁴ In the case of eight SPSEs, the dividend payable has been restricted to the profit earned.

Losses incurred by SPSEs

1.27 As per the latest finalised financial statements, 27 SPSEs incurred losses aggregating to ₹ 32,393.08 crore. Details of the seven SPSEs that incurred a loss of ₹ 100 crore or more are given in **Table 1.22**.

Table 1.22: Details of SPSEs that incurred a loss of ₹ 100 crore or more

(₹ in crore)				
Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Amount of loss	Percentage of loss to total loss of SPSEs
1.	Uttar Pradesh Power Transmission Corporation Limited	2021-22	556.26	1.72
2.	Purvanchal Vidyut Vitran Nigam Limited	2022-23	6,610.27	20.41
3.	Madhyanchal Vidyut Vitran Nigam Limited	2022-23	4,819.92	14.88
4.	Dakshinanchal Vidyut Vitran Nigam Limited	2022-23	5,073.77	15.66
5.	Uttar Pradesh Power Corporation Limited	2022-23	14,572.24	44.99
6.	Uttar Pradesh Metro Rail Corporation Limited	2022-23	319.02	0.98
7.	Uttar Pradesh Jal Nigam	2019-20	250.68	0.77
Total			32,202.16	99.41

Source: Compiled based on the latest finalised financial statements of the SPSEs

From **Table 1.22**, it can be seen that the abovementioned seven SPSEs accounted for more than 99 per cent of the total loss (₹ 32,393.08 crore) incurred by the 27 SPSEs, with Uttar Pradesh Power Corporation Limited alone contributing around 45 per cent of the total loss.

Net Profit Margin against Turnover

1.28 Net Profit Margin against Turnover measures the profit generated as a percentage of turnover during a period. It is a key indicator of an entity’s financial health. It helps stakeholders in assessing the operational efficiency of the entity and determining if the entity is generating adequate earnings from its turnover. It is calculated as the percentage of net profit relative to the entity’s turnover.

Out of the 68 SPSEs, 27 SPSEs incurred losses, two SPSEs reported no profit or loss, and eight SPSEs reported ‘Nil’ turnover, as per their latest finalised financial statements. Details of the Net Profit Margin against Turnover of the remaining 31 SPSEs are given in **Table 1.23**.

Table 1.23: Details of Net Profit Margin against Turnover of SPSEs

Type of SPSE	No. of SPSEs with net profit margin less than 10 per cent	No. of SPSEs with net profit margin between 10 and 20 per cent	No. of SPSEs with net profit margin above 20 per cent ²⁵
Government Companies	18	3	5
Government Controlled Other Companies	1	-	-
Statutory Corporations	1	1	2
Total	20	4	7

Source: Compiled based on the latest finalised financial statements of the SPSEs

²⁵ Ranging between 22.22 per cent and 281.05 per cent.

Further, the sector-wise Net Profit Margin against Turnover of the abovementioned 31 SPSEs is given in **Table 1.24**.

Table 1.24: Sector-wise Net Profit Margin against Turnover

Sector	No. of SPSEs	Net Profit (₹ in crore)	Turnover (₹ in crore)	Net Profit Margin (in per cent)
Power Sector	4	1,503.72	33,917.81	4.43
Other than Power Sector	27	619.91	10,664.57	5.81
Total	31	2,123.63	44,582.38	4.76

Source: Compiled based on the latest finalised financial statements of the SPSEs

CHAPTER–II

Oversight role of the CAG

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Oversight role of the CAG

This chapter deals with the oversight role of the CAG in relation to the preparation and submission of financial statements by SPSEs, the impact of audit comments on these financial statements, and instances of non-compliance with provisions of Accounting Standards/Indian Accounting Standards.

Audit of accounts of SPSEs

Appointment of Statutory Auditors

2.1 Section 139(5) of the Companies Act, 2013 provides that in the case of a Government Company or a Government Controlled Other Company, the CAG shall, in respect of a financial year, appoint the statutory auditor within a period of 180 days from the commencement of the financial year. Further, Section 139(7) of the Companies Act, 2013 provides that in the case of a Government Company or a Government Controlled Other Company, the first statutory auditor shall be appointed by the CAG within sixty days from the date of registration of the company. In case the CAG does not appoint such auditor within the said period of sixty days, the Board of Directors of the company shall appoint such auditor within the next thirty days; and in case of failure of the Board to appoint such auditor within the next thirty days, it shall inform the members of the company who shall appoint such auditor within the next sixty days at an extraordinary general meeting. The first statutory auditor so appointed shall hold office till the conclusion of the first general meeting.

Out of the six Statutory Corporations under the audit jurisdiction of the CAG in Uttar Pradesh, the CAG is the sole auditor of four Statutory Corporations¹. Of the remaining two Statutory Corporations, the statutory auditor of Uttar Pradesh State Warehousing Corporation is appointed by the Government of Uttar Pradesh (GoUP) on the advice of the CAG, and the statutory auditor of Uttar Pradesh Financial Corporation is appointed by the Corporation in a general meeting of the shareholders from the panel of auditors approved by the Reserve Bank of India.

Statutory Audit and Supplementary Audit

2.2 In case of a Government Company and a Government Controlled Other Company, statutory audit is conducted by the statutory auditors appointed by the CAG, and supplementary audit is conducted by the CAG.

As discussed in **Paragraph 2.1**, the CAG is the sole auditor of four Statutory Corporations. In case of the remaining two Statutory Corporations, statutory audit is conducted by the statutory auditors appointed by the GoUP/Corporation, and supplementary audit is conducted by the CAG.

Timeliness in the preparation of accounts

2.3 Section 96 of the Companies Act, 2013 provides that every company² shall, in each year, hold a general meeting as its annual general meeting (AGM), and not more than 15 months shall elapse between the date of one AGM and that of

¹ Uttar Pradesh Forest Corporation, Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Jal Nigam, and Uttar Pradesh Avam Vikas Parishad.

² Other than a one-person company.

the next. It further provides that in case of the first AGM, 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. Further, Section 129 read with Section 134 of the Companies Act, 2013 stipulates that at every AGM of a company, the Board of Directors of the company shall lay before such meeting the audited financial statements for the financial year. This framework ensures regular corporate and financial reporting, enabling scrutiny and oversight by shareholders of the company. Accordingly, the Companies were required to hold AGM up to 30 September 2023 and lay the audited financial statements for the financial year 2022-23.

Additional accountability measures for Government Companies are prescribed under Sections 394 and 395 of the Companies Act, 2013 which provide that Annual Report on the working and affairs of a Government Company is to be prepared within three months of its AGM and as soon as may be after such preparation, the Annual Report is to be laid before both Houses of the Parliament and/or before the House or both Houses of the State Legislature, together with a copy of the Audit Report and comments upon or supplement to the Audit Report made by the CAG. Almost similar provisions exist in the respective Acts governing Statutory Corporations. This mechanism ensures necessary legislative control over the utilisation of public funds invested in Government Companies and Statutory Corporations.

In view of the aforesaid provisions, timeliness in preparing accounts is crucial, as delays in finalising accounts undermine the shareholders' right of scrutiny and oversight. Further, in the case of Government Companies and Statutory Corporations, such delays result in delay in preparation and submission of Annual Reports, affecting legislative control and oversight.

Despite the above stipulations, annual accounts of various SPSEs were pending as on 30 September 2023. Out of the 113 SPSEs under the audit jurisdiction of the CAG in Uttar Pradesh, only 10 SPSEs³ had submitted their financial statements for the year 2022-23 to the CAG up to 30 September 2023. Further, two SPSEs⁴ under liquidation had submitted their financial statements up to the date of going under liquidation. Thus, accounts of 101 SPSEs were in arrears, as detailed in **Appendix 2.1** and summarised in **Table 2.1**.

Table 2.1: Status of accounts in arrears as on 30 September 2023

Particulars	Type of SPSE			
	Government Companies	Government Controlled Other Companies	Statutory Corporations	Total
No. of SPSEs under the audit jurisdiction of the CAG as on 31 March 2023	86	21	06	113
No. of functional SPSEs	47	19	06	72
No. of functional SPSEs that submitted their financial statements for the year 2022-23 by 30 September 2023 for CAG's audit	09	01	-	10
No. of functional SPSEs having accounts in arrears	38	18	06	62
No. of accounts in arrears (functional SPSEs)	231	74	19	324
Extent of accounts in arrears (functional SPSEs)	1 to 22 years	1 to 13 years	1 to 10 years	1 to 22 years
No. of inactive SPSEs (excluding SPSEs under liquidation)	27	1	-	28

³ SPSEs at serial number 5 to 10, 36, 37, 44, and 51 of **Appendix 1.1**.

⁴ Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited and Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited.

Particulars	Type of SPSE			
	Government Companies	Government Controlled Other Companies	Statutory Corporations	Total
No. of inactive SPSEs (excluding SPSEs under liquidation) which submitted their financial statements for the year 2022-23 by 30 September 2023 for CAG's audit	-	-	-	-
No. of inactive SPSEs (excluding SPSEs under liquidation) having accounts in arrears	27	1	-	28
No. of accounts in arrears (inactive SPSEs excluding under liquidation)	575	28	-	603
Extent of accounts in arrears (inactive SPSEs excluding under liquidation)	1 to 41 years	28 years		1 to 41 years
No. of inactive SPSEs under liquidation	12	1	-	13
No. of inactive SPSEs under liquidation that submitted their financial statements till the date of going under liquidation	2	-	-	2
No. of inactive SPSEs under liquidation having accounts in arrears ⁵	10	1	-	11
No. of accounts in arrears (inactive SPSEs under liquidation)	112	8	-	120
Extent of accounts in arrears (inactive SPSEs under liquidation)	1 to 29 years	8 years	-	1 to 29 years

Source: Compiled based on the latest financial statements submitted by the SPSEs up to 30 September 2023

From **Table 2.1**, it can be seen that 324 annual accounts of 62 functional SPSEs and 603 annual accounts of 28 inactive SPSEs (excluding SPSEs under liquidation) were in arrears for a period ranging between one and 41 years as on 30 September 2023. Further, 120 annual accounts of 11 SPSEs under liquidation were in arrears for a period ranging between one and 29 years as on 30 September 2023.

CAG's oversight role in the audit of accounts of SPSEs

2.4 The prime responsibility for the preparation of financial statements, in accordance with the financial reporting framework prescribed under the Companies Act, 2013, or other relevant Acts, lies with the management of the SPSE.

The CAG plays an oversight role in the audit of accounts of Government Companies and Government Controlled Other Companies by monitoring the performance of the statutory auditors. This role is discharged by exercising the power to issue directions to the statutory auditors under Section 143(5) of the Companies Act, 2013, and to supplement or comment upon the statutory auditor's report under Section 143(6) of the Companies Act, 2013.

In case of Government Companies and Government Controlled Other Companies, the statutory auditors appointed by the CAG 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 standards on auditing prescribed under section 143(10) of the Companies Act, 2013 and directions issued by the CAG. The statutory auditors are required to submit their Audit Report to the CAG under Section 143 of the Companies Act, 2013.

⁵ In the case of SPSEs under liquidation, the accounts in arrears has been calculated up to the date of the SPSE going under liquidation.

The accounts of selected Government Companies and Government Controlled Other Companies, along with the report of the statutory auditors, are reviewed by the CAG by conducting a supplementary audit. Based on such review, significant audit comments, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

In case of Statutory Corporations, audit comments of the CAG on the accounts, if any, are reported through Separate Audit Reports.

Out of the 113 SPSEs, 47 SPSEs forwarded 66 financial statements to the CAG during the period from October 2022 to September 2023. These included financial statements from the year 2010-11 to 2022-23. Details of financial statements received, reviewed, and comments/ Separate Audit Report issued are given in **Table 2.2**.

Table 2.2: Details of financial statements received, reviewed, and comments/ Separate Audit Report issued

Particulars	Financial Year 2022-23			Previous years		
	Government Companies	Statutory Corporations	Total	Government Companies	Statutory Corporations	Total
Received	11 ⁶	-	11	46	9	55
Reviewed	11	-	11	35	9	44
Audit in progress ⁷	8	-	8	7	7	14
Nil comment issued	-	-	-	-	-	-
Comments issued	3	-	3	28	2	30
No Review Certificate issued	-	-	-	11	-	11

Source: Compiled based on the financial statements submitted by the SPSEs during the period from October 2022 to September 2023 and the concerned files

From **Table 2.2**, it can be seen that out of the 66 financial statements received during the period from October 2022 to September 2023, CAG conducted supplementary audit⁸ of 55 accounts of 45 SPSEs. In the remaining 11 cases, the CAG issued ‘No Review Certificates’.

Results of CAG’s oversight role

2.5 Significant audit comments/Separate Audit Reports on 76 financial statements of 47 SPSEs (31 Government Companies, 12 Government Controlled other Companies, and four Statutory Corporations), as detailed in **Appendix 2.2**, were issued by the CAG during October 2022 to September 2023. The results of the CAG’s oversight role are discussed in the succeeding paragraphs.

Amendment of financial statements/Revision in Auditor’s Report

2.6 As a result of the supplementary audit of the financial statements of SPSEs conducted by the CAG during the period from October 2022 to September 2023, Statutory Auditors revised their report on the financial statements of Uttar Pradesh State Construction and Infrastructure Development Corporation Limited for the year 2019-20.

⁶ This includes two financial statements (Standalone and Consolidated) of Uttar Pradesh Power Corporation Limited for the year 2022-23.

⁷ Comments issued after 30 September 2023.

⁸ Accounts of SPSEs, for conducting supplementary audit annually, triennially, or once in five years, are selected based on the criteria of paid-up capital, capital employed, and turnover.

Significant comments of the CAG issued on the financial statements of SPSEs

2.7 After the audit of the financial statements by statutory auditors, the CAG conducted supplementary audit of 68 financial statements of 43 SPSEs (31 Government Companies and 12 Government Controlled other Companies) and issued comments thereon during the period from October 2022 to September 2023. In addition, Separate Audit Reports (SARs) on seven financial statements of three SPSEs⁹ where CAG is the sole auditor, and one SAR on the financial statements of an SPSE¹⁰ where supplementary audit is conducted by the CAG, were issued during the same period. Thus, comments/Separate Audit Reports were issued in respect of 76 financial statements of 47 SPSEs¹¹, as detailed in **Appendix 2.2**.

Some of the significant comments indicating impact on profitability (overstatement/understatement of profit/loss) and financial position (overstatement/understatement of assets and liabilities) are summarised below and detailed in **Appendix 2.3**.

A. Government Companies and Government Controlled other Companies

(i) Comments on Profitability

- In the case of 11 financial statements of five SPSEs for the years 2019-20 to 2021-22, losses were understated by ₹ 3,582.34 crore.
- In the case of nine financial statements of five SPSEs for the years 2019-20 to 2021-22, losses were overstated by ₹ 1,053.77 crore.
- In the case of one financial statements of an SPSE for the year 2019-20, profit was understated by ₹ 1.39 crore.

(ii) Comments on Financial Position

- In the case of 10 financial statements of seven SPSEs for the years 2018-19 to 2021-22, assets and liabilities were understated by ₹ 5,348.71 crore.
- In the case of four financial statements of three SPSEs for the years 2020-21 to 2021-22, assets and liabilities were overstated by ₹ 5,014.51 crore.

B. Statutory Corporations

(i) Comments on Profitability

- In the case of one financial statements of a Statutory Corporation for the year 2021-22, profit was understated by ₹ 1.75 crore.
- In the case of one financial statements of a Statutory Corporation for the year 2021-22, loss was understated by ₹ 47.03 crore.

(ii) Comments on Financial Position

- In the case of one financial statements of a Statutory Corporation for the year 2020-21, assets and liabilities were understated by ₹ 9.10 crore.
- In the case of one financial statements of a Statutory Corporation for the year 2020-21, assets and liabilities were overstated by ₹ 3.30 crore.

⁹ Uttar Pradesh Forest Corporation, Uttar Pradesh Jal Nigam, and Uttar Pradesh State Road Transport Corporation.

¹⁰ Uttar Pradesh State Warehousing Corporation.

¹¹ In case of two financial statements of two SPSEs, viz., Uttar Pradesh State Construction and Infrastructure Corporation Limited, and Uttar Pradesh Textile Corporation Limited, no comments were issued.

Provisions of Accounting Standards/Indian Accounting Standards not complied with

2.8 Section 129(1) of the Companies Act, 2013, provides that the financial statements shall give a true and fair view of the state of affairs of the company, comply with the accounting standards notified under Section 133 of the Companies Act, 2013, and be in the forms provided in Schedule III. The Ministry of Corporate Affairs (MCA), Government of India (GoI), notified the Indian Accounting Standards (Ind AS) under Section 133 of the Companies Act, 2013 vide the Companies (Indian Accounting Standards) Rules, 2015, keeping the Indian economic and legal environment in view and by referring to the International Financial Reporting Standards (IFRS).

The Ind AS were modelled on IFRS, which were different from the Indian Generally Accepted Accounting Principles (IGAAP) framework mainly in three key aspects, *i.e.*, fair valuation, substance over legal form, and emphasis on the Balance Sheet. These Ind AS are mandatorily to be adopted by the prescribed class of companies with effect from 1 April 2016. Companies not covered under Ind AS are required to continue applying the Accounting Standards.

As on 31 March 2023, there were 107 SPSEs in Uttar Pradesh under the audit jurisdiction of the CAG that were governed by the provisions of the Companies Act, 2013. Out of these 107 SPSEs, 26 SPSEs had adopted Ind AS (Phase I – 18 SPSEs, Phase II – five SPSEs, and Voluntary Adoption – three SPSEs). Out of the three SPSEs that voluntarily adopted Ind AS, one SPSE, *viz.*, Moradabad Smart City Limited, had adopted Ind AS from its first financial statements for the year 2018-19. Further, despite fulfilling the requisite criteria, one SPSE, *viz.*, U.P. Scheduled Castes Finance and Development Corporation Limited, had not complied with Ind AS in the preparation of the latest finalised financial statements for the year 2017-18.

The cases of non-compliance with Ind AS/AS, as reported by the Statutory Auditors in their reports on the financial statements of 27 SPSEs, are summarised below and detailed in **Appendix 2.4**.

- In 10 financial statements of 10 SPSEs, the Statutory Auditors reported 37 instances of non-compliance with Ind AS.
- In 17 financial statements of 10 SPSEs, Statutory Auditors reported 59 instances of non-compliance with AS.

In addition, the cases of non-compliance with Ind AS/AS in 32 financial statements of 22 SPSEs, as pointed out by the CAG during the period 1 October 2022 to 30 September 2023 are summarised below and detailed in **Appendix 2.5**.

- In 16 financial statements of 10 SPSEs, there were 37 instances of non-compliance with Ind AS.
- In 16 financial statements of 12 SPSEs, there were 26 instances of non-compliance with AS.

Management Letters

2.9 One of the objectives of financial audit is to ensure effective 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.

Material observations on the financial statements of SPSEs are reported by the CAG as comments under Section 143(6) of the Companies Act, 2013. In addition to these comments, irregularities or deficiencies observed by the CAG in the financial reports or the reporting process are communicated to the management of the concerned SPSEs through 'Management Letters' for taking corrective action. These deficiencies generally relate to the 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 SPSEs gave assurances that corrective action would be taken in the subsequent year.

During the period from October 2022 to September 2023, the CAG issued 25 'Management Letters' to 18 SPSEs, as detailed in **Appendix 2.6**. The broad nature of irregularities highlighted in these Management Letters were:

- *Non-compliance/ non-disclosure of Accounting Policies.*
- *Non-reconciliation of balances.*
- *Misclassifications of assets, liabilities, incomes, expenditures, etc.*
- *Inadequate/non-disclosures in 'Notes to Accounts'.*

Placement of Separate Audit Reports of Statutory Corporations

2.10 Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. As per the provisions of the respective Acts governing the Statutory Corporations, these reports are to be laid before the State Legislature. The status of placement of SARs in the State Legislature as on 30 September 2023 is given in **Table 2.3**.

Table 2.3: Status of placement of SARs

Sl. No.	Name of the Statutory Corporation	Year for which SAR issued	Latest year for which SAR placed in the State Legislature	Year(s) for which SAR not placed in the State Legislature
1.	Uttar Pradesh State Road Transport Corporation	2020-21	2017-18	2018-19 to 2020-21 (3 years)
2.	Uttar Pradesh Forest Corporation	2021-22	2017-18	2018-19 to 2021-22 (4 years)
3.	Uttar Pradesh Awas Evam Vikas Parishad	2019-20	2019-20	-
4.	Uttar Pradesh Financial Corporation	2012-13	2012-13	-
5.	Uttar Pradesh State Warehousing Corporation	2018-19	2012-13	2013-14 to 2018-19 (6 years)
6.	Uttar Pradesh Jal Nigam	2016-17	2010-11	2011-12 to 2016-17 (6 years)

Source: Compiled based on information provided by the SPSEs

From **Table 2.3**, it can be seen that out of the six Statutory Corporations, only two Statutory Corporations had placed all SARs issued by the CAG in the State Legislature. The remaining four Statutory Corporations had not placed 19 SARs (ranging between three and six years) issued by the CAG in the State Legislature, thereby not complying with the statutory requirements.

CHAPTER–III
Corporate Governance

CHAPTER-III

Corporate Governance

This chapter deals with adherence to corporate governance principles by Government Companies and Government Controlled Other Companies, including issues related to the holding of meetings of the Board of Directors, appointment of independent directors and women directors on the Board, and their presence in meetings of the Board of Directors and the committees formed thereunder.

Introduction

3.1 Corporate Governance is an internal system encompassing policies, processes, and people, which serves the needs of shareholders and other stakeholders by directing and controlling management activities. The corporate governance framework of an organisation depends on four pillars, namely transparency, full disclosure, independent monitoring, and fairness to all. Adherence to corporate governance principles brings accountability and transparency to business and enhances the confidence of stakeholders.

Provisions of the Companies Act, 2013 regarding Corporate Governance

3.2 The Companies Act, 2013 was enacted on 29 August 2013, replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs, Government of India, also notified (31 March 2014) the Companies Rules, 2014 on Appointment and Qualification of Directors, and Meetings of the Board and its Powers. The Companies Act, 2013, together with the Companies Rules, 2014, provides a robust framework for corporate governance. The requirements, *inter alia*, provide for:

- Mandatory appointment of at least one-third of the total number of directors as independent directors on the board of every listed public company, and such other minimum number in the case of any class or classes of public companies as the Central Government may prescribe under Section 149(4) of the Companies Act, 2013.
- Qualifications for independent directors, along with the duties and guidelines for professional conduct [Section 149(6) and (8) and Schedule IV of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014].
- Mandatory appointment of at least one woman director on the board of such class or classes of companies as may be prescribed under Section 149(1) of the Companies Act, 2013.
- Mandatory establishment of certain committees like the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee under Sections 177(1), 178(1), and 178(5) of the Companies Act, 2013.
- Holding a minimum of four meetings of the Board of Directors every year, in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board under Section 173(1) of the Companies Act, 2013.

SEBI guidelines on Corporate Governance

3.3 SEBI notified (2 September 2015) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which came into effect from 1 December 2015 repealing the earlier provisions.

No Government Company or Government Controlled Other Company under the audit jurisdiction of the CAG in Uttar Pradesh is listed on any stock exchange, hence, SEBI guidelines¹ on corporate governance are not applicable to them.

Audit findings

3.4 Compliance with the provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and Companies (Meetings of Board and its Powers) Rules, 2014, regarding corporate governance by 66 functional SPSEs² (47 Government Companies and 19 Government Controlled Other Companies) during the year 2022-23 was reviewed. The audit findings are discussed in the succeeding paragraphs.

Composition of the Board of Directors

3.5 As per Section 2(10) of the Companies Act, 2013, 'Board of Directors' or 'Board', in relation to a company, means the collective body of the directors of the company. Deficiencies in the composition of the Board of Directors are discussed in the succeeding paragraphs.

Independent Directors on the Board

3.6 The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management, is widely considered a means of protecting the interests of shareholders and other stakeholders. As per Section 149 (6) of the Companies Act, 2013, an independent director, in relation to a company, means a director other than a managing director, or a whole-time director, or a nominee director, and is a person of integrity who possesses relevant expertise and experience. It further provides that the independent director shall neither be a promoter himself nor be related to the promoters/directors of the company or its holding, subsidiary, or associate company. The independent director himself or his relatives shall not have any pecuniary relationship/transaction (other than the remuneration of the independent director) with the company, or its subsidiary, or its holding, or associate company, beyond the monetary limits and during the prescribed period. The independent director himself or his relatives shall not hold a key managerial position or any other prescribed relationship, viz., employee, auditor, company secretary, etc., with the company, or its holding, or its subsidiary, or associate company during the prescribed timeframe.

Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that public companies having: (i) paid-up share capital of ten crore rupees or more; or (ii) turnover of one hundred crore rupees or more; or (iii) in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees, are required to have at least two directors as independent directors. A company that ceases to fulfil any of the aforesaid three conditions

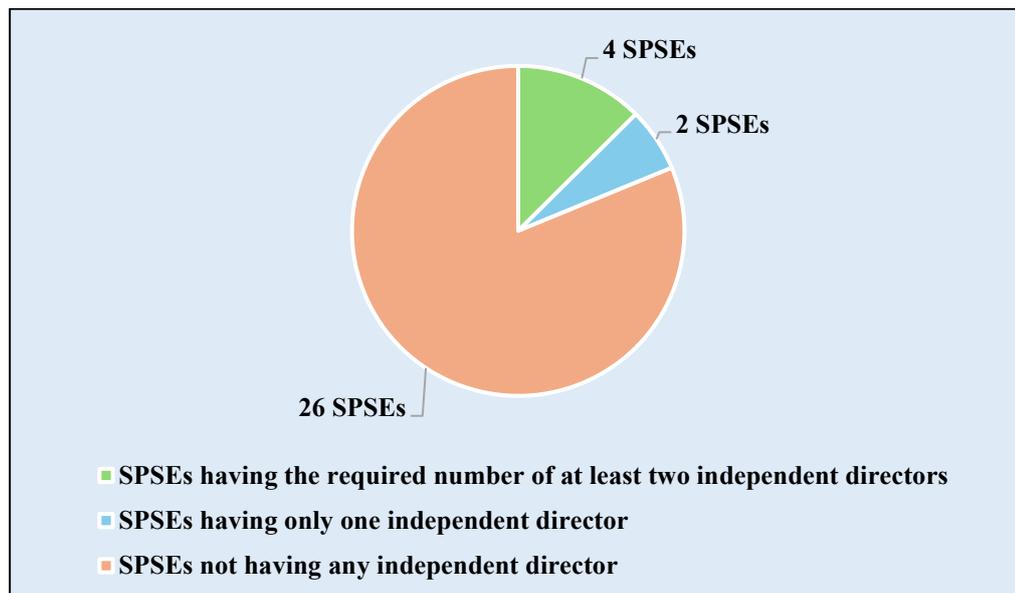
¹ Subsequent to the enactment of the Companies Act, 2013, Securities and Exchange Board of India (SEBI) amended (April and September 2014) Clause 49 of the Listing Agreement to align it with the corporate governance provisions specified in the Companies Act, 2013.

² Six functional SPSEs are Statutory Corporations and therefore, provisions of the Companies Act, 2013, and related rules do not apply to them.

for three consecutive years is not required to appoint independent directors until such time as it meets any of these conditions. Further, three classes of unlisted public companies, viz., a joint venture, or a wholly owned subsidiary, or a dormant company, are also not required to appoint independent directors.

Out of the 66 functional SPSEs (excluding six statutory corporations), 32 SPSEs³, as detailed in **Appendix 3.1**, satisfied the aforesaid criteria of either paid-up share capital, or turnover, or outstanding loans, debentures, and deposits as on the last date of the latest audited financial statements. These SPSEs were, therefore, required to have at least two independent directors⁴ on their Board of Directors during the year 2022-23. The status of independent directors in these SPSEs during the year 2022-23 is depicted in **Chart 3.1**.

Chart 3.1 Status of independent directors on the Boards of SPSEs



Source: Compiled based on information provided by the SPSEs

From **Chart 3.1**, it can be seen that during the year 2022-23, out of the 32 SPSEs that were required to have at least two independent directors on their Boards, 26 SPSEs (81 *per cent*) did not have any independent directors on their Boards and two SPSEs (6 *per cent*) had only one independent director on their Boards. Thus, only four SPSEs (13 *per cent*) had complied with the requirement of having at least two independent directors on their Boards.

Woman Director on the Board

3.7 Section 149(1) of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, provides that the Board of Directors of the following class of companies shall have at least one woman director:

- i. every listed company;
- ii. every other public company having –
 - a. paid-up share capital of one hundred crore rupees or more; or
 - b. turnover of three hundred crore rupees or more.

³ Based on the latest audited financial statements submitted by the SPSEs to this office up to 30 September 2023 for supplementary audit.

⁴ Since, none of the SPSEs was listed on any stock exchange, no SPSE was required to appoint one-third of its total number of directors as independent directors.

Further, any intermittent vacancy of a woman director was to be filled by the Board at the earliest, but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Out of the 66 functional SPSEs, 31 SPSEs, as detailed in **Appendix 3.1**, satisfied the aforesaid criteria of either paid-up share capital or turnover as on the last date of their latest audited financial statements. These SPSEs were, therefore, required to have at least one woman director on their Board of Directors during the year 2022-23. Of these 31 SPSEs, only 16 SPSEs had at least one woman director on their Board of Directors throughout the year 2022-23. Further, 10 SPSEs had no woman director on their Board of Directors throughout the year 2022-23, and five SPSEs had at least one woman director for only a part of the year 2022-23, as detailed in **Table 3.1**.

Table 3.1: Details of SPSEs not having at least one woman director on their Board during the whole/partial period of 2022-23

Sl. No.	Name of the SPSE
SPSEs that had no woman director throughout the year 2022-23	
1.	Uttar Pradesh Jal Vidyut Nigam Limited
2.	Jawaharpur Vidyut Utpadan Nigam Limited
3.	U.P. Scheduled Castes Finance and Development Corporation Limited
4.	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited
5.	Moradabad Smart City Limited
6.	Lucknow Smart City Limited
7.	Uttar Pradesh State Agro Industrial Corporation Limited
8.	Uttar Pradesh State Bridge Corporation Limited
9.	Uttar Pradesh Small Industries Corporation Limited
10.	Uttar Pradesh Development Systems Corporation Limited
SPSEs that had at least one woman director for only a part of the year 2022-23	
11.	Uttar Pradesh Power Transmission Corporation Limited
12.	Uttar Pradesh Power Corporation Limited
13.	Dakshinanchal Vidyut Vitran Nigam Limited
14.	The Pradeshiya Industrial and Investment Corporation of UP Limited
15.	Prayagraj Smart City Limited

Source: Compiled based on information provided by the SPSEs

Thus, 15 SPSEs (48 per cent) had not complied with the provisions regarding the appointment of at least one woman director on their Board of Directors.

Meetings of the Board of Directors

3.8 Section 173(1) of the Companies Act, 2013 provides that every company shall hold the first meeting of the Board of Directors within thirty days of the date of its incorporation and thereafter hold a minimum of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

Out of the 66 SPSEs, 35 SPSEs, as given in **Appendix 3.1**, did not conduct the requisite four meetings of their Board of Directors during the year 2022-23. Out of these 35 SPSEs, nine SPSEs held only one meeting of their Board of Directors during the year 2022-23, and 12 SPSEs did not hold any meetings.

Further, out of the 31 SPSEs, that had conducted the requisite number of meetings of the Board of Directors during the year 2022-23, in the case of five SPSEs, the intervening period between two meetings of the Board of Directors exceeded the prescribed time limit of 120 days, as detailed in **Table 3.2**.

Table 3.2: Details of Board meetings where the intervening period between two consecutive meetings exceeded the prescribed time limit of 120 days

Sl. No.	Name of the SPSE	Date of meeting	Date of next meeting	Intervening period (in days)
1.	Uttar Pradesh State Tourism Development Corporation Limited	18.07.2022	21.12.2022	156
2.	Bareilly Smart City Limited	07.11.2022	21.03.2023	134
3.	U.P. Projects Corporation Limited	03.10.2022	27.02.2023	147
4.	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	24.09.2022	21.03.2023	178
5.	Uttar Pradesh State Sugar Corporation Limited	24.09.2022	21.03.2023	178

Source: Compiled based on information provided by the SPSEs

Section 173(3) of the Companies Act, 2013 provides that a meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company, and such notice shall be sent by hand delivery, or by post, or by electronic means.

A review of the dates of notices and meetings revealed that seven SPSEs conducted 15 meetings of their Board of Directors by serving notice of shorter period, as detailed in **Table 3.3**.

Table 3.3: Details of Board meetings held after serving notice of shorter period

Sl. No.	Name of the SPSE	Date of notice	Date of Board meeting
1.	The Pradeshiya Industrial and Investment Corporation of UP Limited	27.09.2022	30.09.2022
		20.01.2023	25.01.2023
2.	DMIC Integrated Industrial Township Greater Noida Limited	26.05.2022	31.05.2022
		19.09.2022	22.09.2022
		28.10.2022	28.10.2022
		21.02.2023	23.02.2023
3.	Purvanchal Vidyut Vitran Nigam Limited	28.01.2023	02.02.2023
4.	Aligarh Smart City Limited	28.10.2022	01.11.2022
5.	Bareilly Smart City Limited	07.04.2022	13.04.2022
6.	Saharanpur Smart City Limited	18.08.2022	23.08.2022
		13.02.2023	20.02.2023
7.	Agra Smart City Limited	18.06.2022	22.06.2022
		11.08.2022	17.08.2022
		27.08.2022	29.08.2022
		21.11.2022	23.11.2022

Source: Compiled based on information provided by the SPSEs

Committees of the Board of Directors

3.9 A Board Committee is a small working group constituted by the Board of Directors, comprising selected board members, to support the Board's work. Board Committees are generally constituted to handle areas requiring specialised expertise.

The Companies Act, 2013 mandates companies to form various Board Committees such as the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders Relationship Committee, etc.

Audit examined the constitution and functioning of these committees in the SPSEs. The findings are discussed in the succeeding paragraphs.

Audit Committee

3.10 The Audit Committee is one of the main pillars of the Corporate Governance mechanism in any company. It aims to enhance confidence in the integrity of the company's financial reporting, internal control processes and procedures, and risk management systems. Audit noticed several deficiencies in the formation and functioning of the Audit Committee, which are discussed in the succeeding paragraphs.

(i) Constitution of the Audit Committee

Section 177(1) of the Companies Act, 2013, read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provides that the Board of Directors of every listed public company and the following classes of companies (except a joint venture, a wholly owned subsidiary, and a dormant company) shall constitute an Audit Committee:

- (i) all public companies with a paid-up capital of ten crore rupees or more;
- (ii) all public companies having a turnover of one hundred crore rupees or more;
- (iii) all public companies having, in aggregate, outstanding loans, or borrowings, or debentures, or deposits exceeding fifty crore rupees or more.

Out of the 66 SPSEs, 32 SPSEs, as given in **Appendix 3.1**, were required to have an Audit Committee during the year 2022-23. Of these 32 SPSEs, 21 SPSEs had an Audit Committee, while 11 SPSEs, as given in **Table 3.4**, did not have an Audit Committee during the year 2022-23.

Table 3.4: SPSEs not having Audit Committee during the year 2022-23

Sl. No.	Name of the SPSE
1.	Uttar Pradesh Alp Sankhyak Vittiya Evam Vikas Nigam Limited
2.	U.P. Scheduled Castes Finance and Development Corporation Limited
3.	Uttar Pradesh State Agro Industrial Corporation Limited
4.	Uttar Pradesh State Tourism Development Corporation Limited
5.	Uttar Pradesh State Spinning Company Limited
6.	Prayagraj Smart City Limited
7.	Moradabad Smart City Limited
8.	Kanpur Smart City Limited
9.	Uttar Pradesh Small Industries Corporation Limited
10.	Uttar Pradesh Food and Essential Commodities Corporation Limited
11.	Uttar Pradesh State Construction and Infrastructure Development Corporation Limited

Source: Compiled based on information provided by the SPSEs

Further, audit observed that though Uttar Pradesh Pichhara Varg Evam Vitta Vikas Nigam Limited had constituted an Audit Committee, no meeting of the Audit Committee was conducted during the year 2022-23.

(ii) Composition of the Audit Committee

Section 177(2) of the Companies Act, 2013 provides that the Audit Committee shall consist of a minimum of three directors, with independent directors forming a majority. Further, the majority of the members of the Audit Committee, including its Chairperson, shall be persons with the ability to read and understand financial statements.

An analysis of the Audit Committees constituted in the 21 SPSEs revealed that only in the case of three SPSEs⁵, the composition of the Audit Committee was in accordance with the provisions of the Companies Act, 2013. In the remaining 18 SPSEs, the composition of the Audit Committee was not as per the provisions of the Companies Act, 2013, as detailed in **Table 3.5**.

Table 3.5: Details of SPSEs not complying with the provisions of the Companies Act, 2013 regarding the composition of the Audit Committee

Sl. No.	Name of the SPSE	Remarks
1.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	No independent director in the Audit Committee
2.	Uttar Pradesh Jal Vidyut Nigam Limited	No independent director in the Audit Committee
3.	Uttar Pradesh Power Transmission Corporation Limited	No independent director in the Audit Committee
4.	Uttar Pradesh Power Corporation Limited	No independent director in the Audit Committee
5.	Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited	No independent director in the Audit Committee
6.	Uttar Pradesh State Bridge Corporation Limited	No independent director in the Audit Committee
7.	Uttar Pradesh State Sugar Corporation Limited	No independent director in the Audit Committee
8.	Uttar Pradesh State Handloom Corporation Limited	No independent director in the Audit Committee
9.	The Pradeshiya Industrial and Investment Corporation of UP Limited	No majority of independent directors in the Audit Committee
10.	Uttar Pradesh Electronics Corporation Limited	No independent director in the Audit Committee
11.	Uttar Pradesh Medical Supplies Corporation Limited	No majority of independent directors in the Audit Committee
12.	Lucknow Smart City Limited	No independent director in the Audit Committee
13.	Uttar Pradesh Rajkiya Nirman Nigam Limited	No independent director in the Audit Committee
14.	Uttar Pradesh Development Systems Corporation Limited	No independent director in the Audit Committee
15.	U.P. Projects Corporation Limited	No independent director in the Audit Committee
16.	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	No independent director in the Audit Committee
17.	Uttar Pradesh Police Avas Nigam Limited	No independent director in the Audit Committee
18.	Uttar Pradesh Beej Vikas Nigam Limited	No independent director in the Audit Committee

Source: Compiled based on information provided by the SPSEs

Nomination and Remuneration Committee

3.11 Section 178(1) of the Companies Act, 2013, read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provides that the Board of Directors of every listed public company, and the following classes of companies, shall constitute a Nomination and Remuneration Committee (NRC) consisting of three or more non-executive directors, out of which not less than one-half shall be independent directors:

⁵ DMIC Integrated Industrial Township Greater Noida Limited, Agra Smart City Limited, and Varanasi Smart City Limited.

- (i) all public companies with a paid-up capital of ten crore rupees or more;
- (ii) all public companies having a turnover of one hundred crore rupees or more;
- (iii) all public companies having, in aggregate, outstanding loans, or borrowings, or debentures, or deposits exceeding fifty crore rupees or more.

Out of the 66 SPSEs, 32 SPSEs, as given in **Appendix 3.1**, were required to have an NRC during the year 2022-23. Of these 32 SPSEs, only four SPSEs⁶ had constituted an NRC during the year 2022-23. The remaining 28 SPSEs, as given in **Table 3.6**, did not have an NRC during the year 2022-23.

Table 3.6: SPSEs that did not constitute a Nomination and Remuneration Committee during the year 2022-23

Sl. No.	Name of the SPSE
1.	Uttar Pradesh Jal Vidyut Nigam Limited
2.	Uttar Pradesh Power Transmission Corporation Limited
3.	Uttar Pradesh Power Corporation Limited
4.	Uttar Pradesh Alp Sankhyak Vittiya Evam Vikas Nigam Limited
5.	Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited
6.	U.P. Scheduled Castes Finance and Development Corporation Limited
7.	Uttar Pradesh State Agro Industrial Corporation Limited
8.	Uttar Pradesh State Bridge Corporation Limited
9.	Uttar Pradesh State Sugar Corporation Limited
10.	Uttar Pradesh State Tourism Development Corporation Limited
11.	Uttar Pradesh State Spinning Company Limited
12.	Uttar Pradesh State Handloom Corporation Limited
13.	The Pradeshiya Industrial and Investment Corporation of UP Limited
14.	Uttar Pradesh Electronics Corporation Limited
15.	Uttar Pradesh Medical Supplies Corporation Limited
16.	Prayagraj Smart City Limited
17.	Moradabad Smart City Limited
18.	Kanpur Smart City Limited
19.	Lucknow Smart City Limited
20.	Uttar Pradesh Rajkiya Nirman Nigam Limited
21.	Uttar Pradesh Small Industries Corporation Limited
22.	Uttar Pradesh Beej Vikas Nigam Limited
23.	Uttar Pradesh Development Systems Corporation Limited
24.	U.P. Projects Corporation Limited
25.	Uttar Pradesh Purva Sainik Kalyan Nigam Limited
26.	Uttar Pradesh Police Avas Nigam Limited
27.	Uttar Pradesh State Construction and Infrastructure Development Corporation Limited
28.	Uttar Pradesh Food and Essential Commodities Corporation Limited

Source: Compiled based on information provided by the SPSEs

Further, out of the four SPSEs that had constituted an NRC, the composition of the NRC in one SPSE, viz., Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited was not as per the requirements of the Companies Act, 2013.

Corporate Social Responsibility Committee

3.12 Section 135(1) of the Companies Act, 2013 provides that every company having a net worth of ₹ 500 crore or more, or a turnover of ₹ 1,000 crore or more, or a net profit of ₹ five crore or more during the immediately preceding

⁶ Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Agra Smart City Limited, Varanasi Smart City Limited, and DMIC Integrated Industrial Township Greater Noida Limited.

financial year shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. It further provides that where a company is not required to appoint an independent director, it shall have in its CSR Committee two or more directors.

Further, Section 135(9) of the Companies Act, 2013 provides that where the amount to be spent by a company in pursuance of its CSR policy does not exceed ₹ 50 lakh, the requirement to constitute a CSR Committee shall not apply, and the functions of such Committee, in such cases, shall be discharged by the Board of Directors of such company.

Out of the 66 functional SPSEs, six SPSEs were required to constitute a CSR Committee. All six SPSEs had constituted the CSR Committee during the year 2022-23. In addition to these six SPSEs, three other SPSEs had also constituted a CSR Committee despite not being mandated to do so. All nine SPSEs had at least three directors in their CSR Committees. However, seven of these SPSEs⁷ did not comply with the requirement of having an independent director in their CSR Committees during the year 2022-23.

Stakeholders Relationship Committee

3.13 Section 178(5) of the Companies Act, 2013 provides that the Board of Directors of a company which consists of more than one thousand shareholders, debenture holders, deposit-holders, and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee, consisting of a Chairperson who shall be a non-executive director and such other members as may be decided by the Board. Further, Section 178(6) of the Companies Act, 2013 provides that the Shareholders Relationship Committee shall consider and resolve the grievances of the security holders of the company.

Out of the 66 SPSEs, only one SPSE, *viz.*, Uttar Pradesh Power Corporation Limited, was required to have a Stakeholders Relationship Committee during the year 2022-23, as it had more than one thousand debenture holders. However, Uttar Pradesh Power Corporation Limited did not constitute the Stakeholders Relationship Committee during the year 2022-23.

Vigil Mechanism

3.14 Section 177(9) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, provides that every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances:

- (a) companies which accept deposits from the public;
- (b) companies that have borrowed money from banks and public financial institutions in excess of ₹ 50 crore.

It further provides that the companies that are required to constitute an Audit Committee shall oversee the vigil mechanism through the Audit Committee.

⁷ One SPSE, *viz.*, Uttar Pradesh Medical Supplies Corporation Limited had appointed an independent director (who remained up to 21 March 2023) in its CSR Committee, and one SPSE, *viz.*, Jawaharpur Vidyut Utpadan Nigam Limited, was not required to appoint an independent director as it was a subsidiary of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited.

Out of the 66 SPSEs, 12 SPSEs were required to establish a vigil mechanism for their directors and employees during the year 2022-23, as they had borrowed money from banks and public financial institutions in excess of ₹ 50 crore. Except for two SPSEs⁸, all the remaining SPSEs had an Audit Committee during the year 2022-23 to oversee the vigil mechanism.

Appointment and functioning of Independent Directors

3.15 Audit noticed several deficiencies in the appointment and functioning of independent directors, which are discussed in the succeeding paragraphs.

Issuance of a formal letter of appointment and approval at the meeting of shareholders

3.16 As per Schedule IV of the Companies Act, 2013, the appointment of Independent Directors shall be approved at a meeting of the shareholders. Further, the appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out the term of appointment and other prescribed conditions.

Out of the six SPSEs that had independent directors on their Board of Directors during the year 2022-23, three SPSEs⁹ had not obtained approval for such appointment in a meeting of the shareholders. Further, one SPSE, viz., Kanpur Smart City Limited, had also not issued a formal letter containing the terms and conditions of appointment to the appointed independent directors.

Attending meetings of the Board and Board Committees

3.17 Schedule IV [Para (III)(3)] of the Companies Act, 2013 provides that independent directors should strive to attend all meetings of the Board of Directors and of the Board Committees of which they are members.

The status of participation of independent directors in meetings of the Board of Directors and the Board Committees, in respect of the six SPSEs that had independent directors on their Boards during the year 2022-23, is discussed below:

A. Meetings of the Board of Directors

The status of attendance of independent directors in meetings of the Board of Directors held during the year 2022-23 is given in **Table 3.7**.

Table 3.7: Status of attendance of independent directors in meetings of the Board

Sl. No.	Name of the SPSE	No. of independent directors	No. of Board meetings held during the year 2022-23	No. of meetings wherein all independent directors were present	Percentage of meetings attended by all independent directors
1.	The Pradeshiya Industrial and Investment Corporation of UP Limited	1	3	2	67
2.	DMIC Integrated Industrial Township Greater Noida Limited	2	5	4	80

⁸ Uttar Pradesh Alp Sankhyak Vittiya Evam Vikas Nigam Limited and Uttar Pradesh Food and Essential Commodities Corporation Limited.

⁹ Uttar Pradesh Medical Supplies Corporation Limited, Kanpur Smart City Limited, and DMIC Integrated Industrial Township Greater Noida Limited.

Sl. No.	Name of the SPSE	No. of independent directors	No. of Board meetings held during the year 2022-23	No. of meetings wherein all independent directors were present	Percentage of meetings attended by all independent directors
3.	Uttar Pradesh Medical Supplies Corporation Limited	1	4	3	75
4.	Kanpur Smart City Limited	2	2	1	50
5.	Varanasi Smart City Limited	2	5	4	80
6.	Agra Smart City Limited	2	5	3	60
Total			24	17	

Source: Compiled based on information provided by the SPSEs

From **Table 3.7**, it can be seen that independent directors attended only 17 meetings (71 per cent) out of 24 meetings of the Board of Directors held during the year 2022-23.

B. Meetings of Board Committees

(i) Audit Committee:

Out of the 21 SPSEs that had constituted an Audit Committee, five SPSEs had independent directors as members of their Audit Committee, as discussed in **Paragraph 3.10**. The independent directors attended all the meetings of the Audit Committees held during 2022-23, as detailed in **Table 3.8**.

Table 3.8: Status of attendance of independent directors in meetings of the Audit Committee

Sl. No.	Name of SPSEs	Date of meeting	No. of independent directors in the Audit Committee	No. of independent directors who attended the meeting
1.	The Pradeshiya Industrial and Investment Corporation of UP Limited	19.01.2023	1	1
2.	DMIC Integrated Industrial Township Greater Noida Limited	13.04.2022	2	2
		16.09.2022	2	2
		17.02.2023	2	2
		15.03.2023	2	2
3.	Uttar Pradesh Medical Supplies Corporation Limited	19.05.2022	1	1
		07.10.2022	1	1
		16.03.2023	1	1
4.	Varanasi Smart City Limited	25.06.2022	2	2
		23.08.2022	2	2
		07.10.2022	2	2
		20.01.2023	2	2
5.	Agra Smart City Limited	28.04.2022	2	2
		07.06.2022	2	2
		30.07.2022	2	2
		31.03.2023	2	2

Source: Compiled based on information provided by the SPSEs

(ii) Corporate Social Responsibility Committee:

Nine SPSEs had constituted CSR Committees during the year 2022-23. However, only one SPSE, viz., Uttar Pradesh Medical Supplies Corporation Limited, had independent director(s) as members of its CSR Committee. Another SPSE, viz., Jawaharpur Vidyut Utpadan Nigam Limited was not required to appoint independent directors as it was a subsidiary of Uttar

Pradesh Rajya Vidyut Utpadan Nigam Limited. The independent director(s) attended all meetings of the CSR Committee held during the year 2022-23.

Attending general meetings of the Company

3.18 Schedule IV [Para (III)(5)] of the Companies Act, 2013 provides that independent directors shall strive to attend the General Meetings of the Company.

Out of the six SPSEs that had independent directors on their Board of Directors during the year 2022-23, in the case of four SPSEs, all independent directors attended the Annual General Meetings (AGMs) held during the year 2022-23. The status of attendance of independent directors in AGMs held during the year 2022-23 is given in **Table 3.9**.

Table 3.9: Status of attendance of independent directors in Annual General Meetings

Sl. No.	Name of the SPSE	Date of AGM	No. of independent directors on the Board of Directors	No. of independent directors who attended the AGM
1.	The Pradeshiya Industrial and Investment Corporation of UP Limited	29.08.2023	1	1
2.	DMIC Integrated Industrial Township Greater Noida Limited	03.10.2023	2	2
3.	Uttar Pradesh Medical Supplies Corporation Limited	01.10.2022	1	1
4.	Kanpur Smart City Limited	27.12.2022	2	0
5.	Varanasi Smart City Limited	30.09.2022	2	1
6.	Agra Smart City Limited	20.12.2022	2	2

Source: Compiled based on information provided by the SPSEs

From **Table 3.9**, it can be seen that one independent director of Varanasi Smart City Limited and both the independent directors of Kanpur Smart City Limited had not attended the AGMs held during the year 2022-23.

Holding of separate meetings of the independent directors

3.19 Schedule IV [Para (VII)(1)] of the Companies Act, 2013 provides that the independent directors of a company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. Further, all the independent directors of the company shall strive to be present at such a meeting. The meeting shall – (a) review the performance of non-independent directors and the Board as a whole; (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; and (c) assess the quality, quantity, and timeliness of flow of information between the company management and the Board, which is necessary for the Board to effectively and reasonably perform their duties.

Out of the six SPSEs that had independent directors on their Board of Directors during the year 2022-23, four SPSEs had more than one independent director. The independent directors of these four SPSEs were required to conduct at least one meeting during the year 2022-23 without the attendance of non-independent directors and members of management. The status of separate meetings held by the independent directors of these four SPSEs during the year 2022-23 is given in **Table 3.10**.

Table 3.10: Status of separate meetings held by independent directors

Sl. No.	Name of the SPSE	No. of meetings held during 2022-23	No. of independent directors on the Board of Directors
1.	DMIC Integrated Industrial Township Greater Noida Limited	1	2
2.	Kanpur Smart City Limited	0	2
3.	Varanasi Smart City Limited	1	2
4.	Agra Smart City Limited	0	2

Source: Compiled based on information provided by the SPSEs

Out of these four SPSEs, the independent directors of two SPSEs did not conduct the aforesaid meeting during the year 2022-23. In the absence of a separate meeting of the independent directors, the performance of non-independent directors, the Chairperson of the company, and the Board as a whole remained unreviewed. Further, the quality, quantity, and timeliness of the flow of information between the company management and the Board could also not be assessed.

Appointment of Key Managerial Personnel

3.20 Section 203(1) of the Companies Act, 2013, read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, provides that every listed company and every other public company having a paid-up share capital of ₹ 10 crore or more shall have the following whole-time Key Managerial Personnel (KMP):

- (i) Managing Director (MD), or Chief Executive Officer (CEO), or Manager, and in their absence, a whole-time Director;
- (ii) Company Secretary (CS); and
- (iii) Chief Financial Officer (CFO).

Further, Section 203(4) of the Companies Act, 2013 provides that if the office of any whole-time KMP is vacated, the resulting vacancy shall be filled up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

Out of the 66 SPSEs, 36 SPSEs, as given in **Appendix 3.1**, were required to appoint whole-time KMPs, as the paid-up capital of these SPSEs was ₹ 10 crore or more as per their latest finalised financial statements. Of these 36 SPSEs, 21 SPSEs had appointed whole-time KMPs during the year 2022-23. The remaining 15 SPSEs had not appointed the requisite KMPs, as detailed in **Table 3.11**.

Table 3.11: Status of appointment of key managerial personnel

Sl. No.	Name of the SPSE	Status of deficiencies in the appointment of KMPs
1.	Uttar Pradesh State Handloom Corporation Limited	CFO not appointed
2.	Uttar Pradesh State Spinning Company Limited	No KMP appointed
3.	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	CS not appointed
4.	Uttar Pradesh State Sugar Corporation Limited	CS not appointed
5.	Prayagraj Smart City Limited	CS was appointed from 28.01.2023
6.	Agra Smart City Limited	CS was appointed from 07.11.2022

Sl. No.	Name of the SPSE	Status of deficiencies in the appointment of KMPs
7.	Madhyanchal Vidyut Vitran Nigam Limited	CS not appointed CFO was appointed from 22.12.2022
8.	Uttar Pradesh Medical Supplies Corporation Limited	CS was appointed from 31.01.2023
9.	Uttar Pradesh State Tourism Development Corporation Limited	CS not appointed
10.	Uttar Pradesh State Agro Industrial Corporation Limited	CS not appointed
11.	Jawaharpur Vidyut Utpadan Nigam Limited	CFO not appointed
12.	Kanpur Electricity Supply Company Limited	CFO was appointed from 22.12.2022
13.	Uttar Pradesh State Bridge Corporation Limited	CS not appointed
14.	Bareilly Smart City Limited	CFO not appointed
15.	Uttar Pradesh Waqf Vikas Nigam Limited	CS not appointed

Source: Compiled based on information provided by the SPSEs

Internal Audit Framework

3.21 The Framework Governing Internal Audits, issued (November 2018) by the Institute of Chartered Accountants of India (ICAI), defines internal audit as follows:

‘Internal audit provides an independent assurance on the effectiveness of internal controls and risk management processes to enhance governance and achieve organisational objectives.’

Accordingly, the role of internal audit is to provide an independent assurance that an organisation’s risk management, governance, and internal control processes are operating effectively.

Internal audit in SPSEs

3.22 Section 138(1) of the Companies Act, 2013, read with Rule 13 of Companies (Accounts) Rules, 2014¹⁰, provides that the following classes of companies shall be required to appoint an internal auditor, who shall either be a chartered accountant, or a cost accountant, or such other professional as may be decided by the Board, to conduct internal audit of the functions and activities of the company:

- (a) every listed company;
- (b) every unlisted public company having –
 - (i) paid up share capital of ₹ 50 crore or more; or
 - (ii) turnover of ₹ 200 crore or more during the preceding financial year; or
 - (iii) outstanding loans or borrowings from banks or public financial institutions exceeding ₹ 100 crore or more; or
 - (iv) outstanding deposits of ₹ 25 crore or more at any point of time during the preceding financial year.
- (c) every private company having –
 - (i) turnover of ₹ 200 crore or more during the preceding financial year; or

¹⁰ As amended from time to time.

(ii) outstanding loans or borrowings from banks or public financial institutions exceeding ₹ 100 crore or more at any point of time during the preceding financial year.

Audit observed that 38 SPSEs, as given in **Appendix 3.2**, were required to appoint an internal auditor for the year 2022-23. Of these 38 SPSEs, eight SPSEs did not appoint an internal auditor for the year 2022-23. In the remaining 30 SPSEs, where internal auditors were appointed, internal audit in 28 SPSEs was conducted by Chartered Accountant/Cost Accountant firms, and in two SPSEs¹¹ by the internal audit wing of the respective SPSE.

Conclusion

The functioning of the Corporate Governance framework in the SPSEs exhibited several deficiencies, as detailed below:

- **Out of 32 SPSEs where independent directors were required to be appointed, 26 SPSEs did not appoint any independent directors, and in two SPSEs, the required number of independent directors was not appointed. Among the six SPSEs that had appointed independent directors, their attendance in Board meetings ranged between 50 and 80 per cent.**
- **Of the 31 SPSEs that were required to have at least one woman director on their Boards, 16 SPSEs had at least one woman director on their Board of Directors during the year 2022-23, whereas five SPSEs had a woman director for a part of the year and 10 SPSEs had no woman director on their Board of Directors throughout the year.**
- **In two SPSEs where more than one independent director was appointed, the mandatory separate meeting of independent directors was not conducted.**
- **Of the 36 SPSEs that were required to appoint whole-time Key Managerial Personnel (KMPs), 21 SPSEs had appointed whole-time KMPs during the year 2022-23.**
- **Of the 66 SPSEs (excluding statutory corporations), 35 SPSEs did not hold the requisite four Board meetings during 2022-23. Out of these 35 SPSEs, 12 SPSEs did not hold any Board meetings during 2022-23, and nine SPSEs conducted only one Board meeting during 2022-23. Further, in five SPSEs, the interval between two consecutive Board meetings ranged between 134 and 178 days, exceeding the prescribed limit of 120 days.**
- **Of the 32 SPSEs required to have an Audit Committee, 21 SPSEs constituted Audit Committee during the year 2022-23. Of these 21 SPSEs, the composition of the Audit Committee in 18 SPSEs was not as per the provisions of the Companies Act, 2013.**
- **The Nomination and Remuneration Committee (NRC) was not constituted in 28 SPSEs, and in one SPSE, the composition of the NRC was not in accordance with the provisions of the Companies Act, 2013.**

¹¹ Uttar Pradesh State Bridge Corporation Limited and U.P. Scheduled Castes Finance and Development Corporation Limited.

- **Of the 38 SPSEs required to appoint an internal auditor for the year 2022-23, 30 SPSEs appointed an internal auditor for the year 2022-23, as required under the Companies Act, 2013.**

Recommendation

The Government of Uttar Pradesh may direct the SPSEs to comply with the provisions of the Companies Act, 2013, to ensure effectiveness in the functioning of the Corporate Governance framework in the SPSEs.

CHAPTER–IV

Transition to Indian Accounting Standards and the impact of their adoption on State Public Sector Enterprises

CHAPTER-IV

Transition to Indian Accounting Standards and the impact of their adoption on State Public Sector Enterprises

This chapter deals with the implementation of Indian Accounting Standards (Ind AS) by Government Companies and Government Controlled Other Companies, focusing on its impact on financial reporting and compliance. Audit evaluated compliance with Ind AS provisions, analysed disclosures related to first-time adoption, and assessed the financial impact on key areas such as profitability, revenues, assets, and net worth.

Introduction

4.1 The role of financial reporting in the overall growth and development of an economy is highly significant. The era of globalisation and liberalisation has led to increased social mobility and cross-border movement of finance, capital, and commodities. This, in turn, has necessitated the adoption of a single set of Accounting Standards.

With the emergence of principle-based International Financial Reporting Standards (IFRS) in the global accounting scenario, which have been set by the International Accounting Standards Board (IASB), a need was felt to converge Indian Accounting Standards with the updated IFRS. The adoption or convergence with IFRS enhances transparency, accountability, and efficiency in financial markets and serves the public interest by fostering trust, growth, and long-term financial stability in the global economy.

The Ministry of Corporate Affairs (MCA), Government of India (GoI), notified the Indian Accounting Standards (Ind AS) under Section 133 of the Companies Act, 2013, vide the Companies (Indian Accounting Standards) Rules, 2015. These standards were developed keeping in view the Indian economic and legal environment, while referring to the IFRS framework.

The Ind AS were modelled on IFRS and differ from the Indian Generally Accepted Accounting Principles (IGAAP) framework primarily in three key aspects, *i.e.*, fair valuation, substance over legal form, and emphasis on the Balance Sheet. These Ind AS are mandatorily applicable to the prescribed class of companies with effect from 1 April 2016. As on 31 March 2023, there were 39 Ind AS, as detailed in **Appendix 4.1**.

Roadmap for the applicability of Ind AS

4.2 The Companies (Indian Accounting Standards) Rules, 2015 laid down a roadmap for mandatory transition to Ind AS in a phased manner, as detailed below:

Phase I:

The following companies were covered under Phase I for accounting periods beginning on or after 1 April 2016, with comparatives for the periods ending on 31 March 2016 or thereafter:

- (i) Companies whose equity or debt securities are listed, or are in the process of being listed, on any stock exchange in India or outside India, and having a net worth of ₹ 500 crore or more;

- (ii) Companies other than those mentioned in clause (i) above, having a net worth of ₹ 500 crore or more; and
- (iii) Holding, subsidiary, joint venture, or associate companies of those mentioned in clauses (i) and (ii) above.

Phase II:

The following companies were covered under Phase II for accounting periods beginning on or after 1 April 2017, with comparatives for the periods ending on 31 March 2017 or thereafter:

- (i) Companies whose equity or debt securities are listed, or are in the process of being listed, on any stock exchange in India or outside India, and having a net worth of less than ₹ 500 crore;
- (ii) Companies other than those mentioned in clause (i) above, that is, unlisted companies having a net worth of ₹ 250 crore or more but less than ₹ 500 crore; and
- (iii) Holding, subsidiary, joint venture, or associate companies of the above companies.

Further, any company may apply Ind AS voluntarily for financial statements for accounting periods beginning on or after 1 April 2015, with comparatives for the periods ending on 31 March 2015 or any time thereafter. Once a company starts following Ind AS, either voluntarily or mandatorily based on the specified criteria, it is required to follow Ind AS for all subsequent financial statements, even if any of the specified criteria do not subsequently apply to it.

Status of first-time adoption of Ind AS by SPSEs

4.3 As on 31 March 2023, there were 107 State Public Sector Enterprises (SPSEs) in Uttar Pradesh under the audit jurisdiction of the CAG, governed by the provisions of the Companies Act, 2013. Out of these 107 SPSEs, 26 SPSEs (Phase I – 18 SPSEs, Phase II – five SPSEs, and Voluntary Adoption – three SPSEs), as given in **Appendix 4.2**, had adopted Ind AS.

Among the three SPSEs that adopted Ind AS voluntarily, one SPSE, *viz.*, Moradabad Smart City Limited, had adopted Ind AS from its first financial statements for the year 2018-19.

Review of the first-time adoption of Ind AS

4.4 Ind AS 101 (First-time adoption of Ind AS) prescribes the procedure that a company must follow when adopting Ind AS for the first time. The financial results of a company adopting Ind AS for the first time are required to include a reconciliation of its equity and net profit/loss as per IGAAP to equity and net profit/loss as per Ind AS. The reconciliation is required to enable the stakeholders to understand the material adjustments to the Balance Sheet and the Statement of Profit & Loss resulting from the transition from the previous IGAAP to Ind AS.

The underlying principle of Ind AS 101 is that a first-time adopter should prepare financial statements as if it had always applied Ind AS. However, it permits two types of exemptions from the principle of full retrospective application of Ind AS, *viz.*, mandatory exemptions and voluntary exemptions.

(i) Mandatory Exemptions

Ind AS 101 prohibits the retrospective application of certain aspects of other Ind AS, viz., Ind AS 10 (Events after the Reporting Period), Ind AS 109 (Financial Instruments), and Ind AS 110 (Consolidated Financial Statements).

(ii) Optional Exemptions

Ind AS 101 grants exemptions from specific requirements of other Ind AS. These optional exemptions apply from the date of transition from IGAAP to Ind AS-compliant financial statements. The date of transition refers to the beginning of the earliest period for which a company presents full comparative information under Ind AS in its first Ind AS-compliant financial statements.

The details of the various optional exemptions availed by 25 SPSEs¹ in preparing their first Ind AS-compliant financial statements, are given in **Appendix 4.3** and summarised in **Table 4.1**.

Table 4.1: Details of optional exemptions availed by SPSEs

Sl. No.	Details of the optional exemption	No. of SPSEs that availed the optional exemption
1.	Ind AS 16 (Property, Plant and Equipment), Ind AS 38 (Intangible Assets), and Ind AS 40 (Investment Property) Ind AS 101 provides that a first-time adopter may elect to measure an item of property, plant and equipment, intangible assets, and investment property at its fair value on the date of transition to Ind AS and use that fair value as its deemed cost on that date. Alternatively, it may elect to continue with the carrying value as recognised in the financial statements as on the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost on the date of transition, after making necessary adjustments for decommissioning liabilities.	25
2.	Ind AS 27 (Separate Financial Statements) Ind AS 27 requires an entity to account for its investments in subsidiaries, joint ventures, and associates either at cost or in accordance with Ind AS 109 (Financial Instruments). If a first-time adopter measures such an investment at cost, it shall measure that investment either at cost determined in accordance with Ind AS 27 or at deemed cost. If measured at deemed cost, the deemed cost of such an investment may either be the fair value at the date of transition to Ind AS or the carrying amount as per the previous GAAP on that date.	01
3.	Ind AS 17 (Leases) Ind AS 101 permits a first-time adopter to determine whether an arrangement existing at the date of transition to Ind ASs contains a lease based on facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.	01

Source: First Ind AS-compliant financial statements of the SPSEs

Audit findings

4.5 Audit reviewed the first Ind AS-compliant financial statements of 25 SPSEs (excluding Moradabad Smart City Limited) that adopted Ind AS, along with additional information furnished by these SPSEs. Deficiencies were observed

¹ Excluding Moradabad Smart City Limited as it had adopted Ind AS from its first financial statements.

in the timely adoption of Ind AS and the preparation of reconciliation statements related to the transition to Ind AS.

In addition, Audit analysed the financial impact of the adoption of Ind AS on key areas such as revenue, profit after tax, total assets, and net worth. The deficiencies observed in the adoption of Ind AS and the results of the financial impact analysis are discussed in the succeeding paragraphs.

Delay in the adoption of Ind AS

4.6 As discussed in **Paragraph 4.2**, companies fulfilling the specified criteria were required to mandatorily adopt Ind AS for the preparation of their financial statements for accounting periods beginning on or after 1 April 2016 or 1 April 2017, as the case may be.

Audit observed that five SPSEs did not comply with the prescribed timelines for mandatory adoption of Ind AS, as discussed below:

- The net worth of **U.P. Scheduled Castes Finance and Development Corporation Limited** was ₹ 342.19 crore as on 31 March 2017. Accordingly, it was required to mandatorily adopt Ind AS for the preparation of its financial statements for the year 2017-18². However, it did not adopt Ind AS for the preparation of its financial statements for that year.
- **Uttar Pradesh Purva Sainik Kalyan Nigam Limited** had a net worth of ₹ 267.55 crore as on 31 March 2018, and was therefore required to mandatorily adopt Ind AS for the preparation of its financial statements for the year 2018-19. However, it did not adopt Ind AS for three consecutive years from 2018-19 to 2020-21 and adopted Ind AS starting from the year 2021-22.
- **Uttar Pradesh State Sugar Corporation Limited** adopted Ind AS for the preparation of its financial statements for the year 2016-17. This necessitated its three subsidiaries, viz., Nandganj Sihori Sugar Company Limited, Ghatampur Sugar Company Limited, and Chhata Sugar Company Limited, to adopt Ind AS starting from 2016-17. However, all three subsidiaries delayed the adoption of Ind AS until 2017-18.

The non-compliance of these five SPSEs with the prescribed timelines for mandatory adoption of Ind AS not only constituted a violation of regulatory requirements but also hindered the alignment of financial reporting with internationally recognised standards, thereby affecting the comparability and consistency of the financial statements.

Non-compliance with reconciliation requirements under Ind AS 101

4.7 Ind AS 101 (First-time Adoption of Ind AS) mandates that entities explain how the transition from previous Generally Accepted Accounting Principles (GAAP) to Ind AS affected their reported balance sheet, financial performance, and cash flows. To comply with this requirement, an entity's first Ind AS-compliant financial statements must include reconciliations of its equity and total comprehensive income. These reconciliations are required to provide sufficient detail to enable users to understand the material adjustments made to the Balance Sheet, Statement of Profit and Loss, and Statement of Cash Flows.

² Latest finalised financial statements of the SPSE.

Audit observed that out of the 25 SPSEs that had adopted Ind AS, 19 SPSEs did not prepare the required reconciliation statements in their first Ind AS-compliant financial statements.

The non-preparation of the required reconciliation statements by these 19 SPSEs in their first Ind AS-compliant financial statements constituted a clear violation of the mandatory provisions of Ind AS 101. This not only undermined the transparency of the transition process from GAAP to Ind AS but also deprived stakeholders of critical comparative information necessary to understand the material adjustments made to the Balance Sheet, Statement of Profit and Loss, and Statement of Cash Flows.

Impact of the adoption of Ind AS on selected key areas

4.8 The adoption of Ind AS can affect the reported figures for profit/loss, revenues, total assets, and net worth. The extent and direction of impact depend on the options exercised by the SPSEs at the time of adoption of Ind AS. The impact of the adoption of Ind AS on profit after tax, revenues, total assets, and net worth of the 25 SPSEs that adopted Ind AS³ is discussed in the succeeding paragraphs:

(A) Impact on Profit after Tax

Profit after Tax (PAT) refers to the amount that remains after an entity has paid off all its operating and non-operating expenses, other liabilities, and taxes. This profit is what is distributed by the entity to its shareholders as dividends or is kept as retained earnings in reserves. Changes in the valuation of various items of revenue, expenses, assets, and liabilities consequent to the adoption of Ind AS can materially affect the PAT of an entity.

Audit observed that, out of the 25 SPSEs, adoption of Ind AS had no impact on the PAT of 15 SPSEs. In the remaining 10 SPSEs, there was a total net impact of ₹ 162.58 crore on PAT, ranging from (-) ₹ 132.03 crore to ₹ 244.23 crore, due to the adoption of Ind AS, as summarised in **Table 4.2**.

Table 4.2: Net impact on Profit After Tax

Sl. No.	Name of the SPSE	Impact on PAT		Net Impact
		Increase (+)	Decrease (-)	
1.	Uttar Pradesh Power Corporation Limited	8.25	-125.27	-117.02
2.	Purvanchal Vidyut Vitran Nigam Limited	263.50	-19.27	244.23
3.	Pashchimanchal Vidyut Vitran Nigam Limited	22.34	-17.80	4.54
4.	Madhyanchal Vidyut Vitran Nigam Limited	72.97	-2.01	70.96
5.	Dakshinanchal Vidyut Vitran Nigam Limited	108.44	-20.29	88.15
6.	Kanpur Electricity Supply Company Limited	1.41	-0.24	1.17
7.	Uttar Pradesh Power Transmission Corporation Limited	0.00	-132.03	-132.03
8.	Almora Magnesite Limited	0.44	-0.03	0.41
9.	U.P. Metro Rail Corporation Limited	1.63	-0.66	0.97
10.	Noida Metro Rail Corporation Limited	1.56	-0.36	1.20
Net cumulative impact				162.58

Source: Compiled based on the first Ind AS-compliant financial statements of the SPSEs and information provided by the SPSEs

³ Except Moradabad Smart City Limited that had adopted Ind AS from its first financial statements for the year 2018-19, and therefore, had no impact on profit after tax, revenues, total assets, and net worth due to the adoption of Ind AS.

The factors/reasons contributing to the increase or decrease in various items of income and expenses, and their net impact on PAT, are detailed in **Appendix 4.4**.

(B) Impact on revenue from operations

As per Ind AS 18 (Revenue), revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in an increase in equity, other than increases relating to contributions from equity participants. Changes in the valuation of revenue from operations can materially affect the amount of revenue from operations of an entity.

Audit observed that out of the 25 SPSEs, adoption of Ind AS had no impact on the revenue from operations of 19 SPSEs. In case of the remaining six SPSEs, there was a total net impact of (-) ₹ 35.70 crore, ranging from (-) ₹ 40.07 crore to ₹ 3.30 crore, on revenue from operations due to the adoption of Ind AS, as summarized in **Table 4.3**.

Table 4.3: Net impact on revenue from operations

(₹ in crore)						
Sl. No.	Name of the SPSE	Revenue from operations as per Ind AS	Revenue from operations as per GAAP	Net Impact		
1.	Pashchimanchal Vidyut Vitran Nigam Limited	11,994.79	11,991.49	3.30		
2.	Madhyanchal Vidyut Vitran Nigam Limited	6,634.55	6,635.61	-1.06		
3.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	9,180.77	9,178.66	2.11		
4.	Uttar Pradesh Power Transmission Corporation Limited	1,642.57	1,682.64	-40.07		
5.	Almora Magnesite Limited	28.69	28.71	0.02		
6.	Uttar Pradesh Metro Rail Corporation Limited	0.0043	0.00	0.0043		
Net cumulative impact				-35.70		

Source: Compiled based on the first Ind AS-compliant financial statements of the SPSEs and information provided by the SPSEs

The increase/decrease in revenue from operations was due to adjustments for prior period items and changes in the method of revenue recognition.

(C) Impact on total assets

Assets are tangible objects or intangible rights owned by an entity and carrying probable future benefits. The value of assets can be affected after the adoption of Ind AS due to differences in the accounting methods prescribed under Ind AS as compared to GAAP.

Audit observed that out of the 25 SPSEs, adoption of Ind AS had no impact on the value of total assets of 19 SPSEs. In the remaining six SPSEs, there was a total net impact of ₹ 1,879.31 crore on the value of total assets, ranging from (-) ₹ 1,064.12 crore to ₹ 8.55 crore, due to the adoption of Ind AS, as summarized in **Table 4.4**.

Table 4.4: Net impact on total assets

(₹ in crore)

Sl. No.	Name of the SPSE	Impact on total assets		
		Increase	Decrease	Net Impact
1.	Uttar Pradesh Power Corporation Limited	8.60	-0.05	8.55
2.	Purvanchal Vidyut Vitran Nigam Limited	-	-1,064.12	-1,064.12
3.	Pashchimanchal Vidyut Vitran Nigam Limited	-	-747.12	-747.12
4.	Uttar Pradesh Power Transmission Corporation Limited	48.25	-124.17	-75.92
5.	Almora Magnesite Limited	1.19	-1.16	0.03
6.	Noida International Airport Limited	3,605.30	-3,606.03	-0.73
Net cumulative impact				-1,879.31

Source: Compiled based on the first Ind AS-compliant financial statements of the SPSEs and information provided by the SPSEs

The factors/reasons contributing to the increase/decrease in various items of assets are detailed in **Appendix 4.5**.

(D) Impact on net worth

Section 2(57) of the Companies Act, 2013 defines net worth as the aggregate value of paid-up share capital, free reserves⁴, and the securities premium account, after deducting accumulated losses, deferred expenditure, and miscellaneous expenditure not written off, based on the audited balance sheet. The net worth can be affected after the adoption of Ind AS due to differences in the accounting methods prescribed under Ind AS as compared to GAAP.

Audit observed that out of the 25 SPSEs, adoption of Ind AS had no impact on the net worth of 14 SPSEs. In the remaining 11 SPSEs, 10 SPSEs experienced a decrease in net worth by ₹ 244.33 crore, while one SPSE registered an increase of ₹ 150.85 crore, indicating a total net impact of (-) ₹ 93.48 crore, as summarized in **Table 4.5**.

Table 4.5: Net impact on net worth

(₹ in crore)

Sl. No	Name of the SPSE	Net worth as per Ind AS	Net worth as per GAAP	Net Impact
1.	Uttar Pradesh Power Corporation Limited	3,798.83	3,945.85	-147.02
2.	Purvanchal Vidyut Vitran Nigam Limited	-5,138.72	-5,289.57	150.85
3.	Pashchimanchal Vidyut Vitran Nigam Limited	-40,69.12	-4,064.37	-4.75
4.	Madhyanchal Vidyut Vitran Nigam Limited	-2,120.88	-2,120.74	-0.14
5.	Dakshinanchal Vidyut Vitran Nigam Limited	-10,148.64	-10,128.35	-20.29
6.	Kanpur Electricity Supply Company Limited	-2,248.76	-2,248.50	-0.26
7.	Uttar Pradesh Power Transmission Corporation Limited	9,121.23	9,189.74	-68.51
8.	Almora Magnesite Limited	4.45	4.54	-0.09
9.	Noida Metro Rail Corporation Limited	291.46	291.82	-0.36
10.	Noida International Airport Limited	3,603.28	3,604.38	-1.09
11.	Uttar Pradesh Jal Vidyut Nigam Limited	290.09	291.91	-1.82
Net cumulative impact				-93.48

Source: Compiled based on the first Ind AS-compliant financial statements of the SPSEs and information provided by the SPSEs

⁴ Free reserves do not include reserves created out of revaluation of assets, write-back of depreciation, and amalgamation.

The decrease in net worth in 10 SPSEs was due to an increase in the amount of accumulated losses after the adoption of Ind AS and *vice versa*.

Conclusion

The adoption of Ind AS, leading to changes in the financial reporting framework, had a positive cumulative impact on profit after tax (₹ 162.58 crore), and a negative cumulative impact on revenue from operations (₹ 35.70 crore), total assets (₹ 1,879.31 crore), and net worth (₹ 93.48 crore) as per their first Ind AS-compliant financial statements.

CHAPTER–V

Corporate Social Responsibility

CHAPTER-V

Corporate Social Responsibility

This chapter presents the status of implementation of Corporate Social Responsibility (CSR) by the State Public Sector Enterprises (SPSEs) of Uttar Pradesh, as mandated under Section 135 of the Companies Act, 2013, and the associated CSR Rules. The audit assessed whether eligible SPSEs complied with the CSR-related provisions.

Introduction

5.1 Inclusive growth is widely recognised as a crucial aspect of India's development agenda, emphasizing the need to involve sections of society that



have historically been excluded from the mainstream growth process. In alignment with this national effort, Corporate Social Responsibility (CSR) was conceptualised as a tool to integrate social, environmental, and human development concerns into the entire corporate value chain. The Ministry of Corporate Affairs (MCA), Government of India (GoI) took the first step in mainstreaming responsible business

practices by issuing the 'Voluntary Guidelines on Corporate Social Responsibility, 2009.' These guidelines were later refined and expanded into the 'National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business, 2011.

Further, with the implementation of Section 135 and Schedule VII of the Companies Act, 2013, in April 2014, CSR activities became mandatory for companies fulfilling the specified criteria. The Companies Act, 2013¹, along with the Companies (Corporate Social Responsibility Policy) Rules, 2014², mandates and governs the implementation of CSR activities.

Legal framework

5.2 Section 135(1) of the Companies Act, 2013 provides that every company having a net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more, or a net profit of ₹ five crore or more during the immediately preceding financial year shall constitute a CSR Committee. Further, Section 135(3) of the Companies Act, 2013 provides that the CSR Committee shall: (a) formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the company in areas or subjects specified in Schedule VII of the

¹ As amended from time to time.

² As amended from time to time.

Companies Act, 2013; (b) recommend the amount of expenditure to be incurred on CSR activities; and (c) monitor the CSR policy of the company from time to time.

Section 135(5) of the Companies Act, 2013 makes it mandatory for qualifying companies to spend, in every financial year, at least two *per cent* of the average net profits³ made during the three immediately preceding financial years, or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, on CSR activities. It further provides that any unspent CSR amount, unless it relates to any ongoing project, shall be transferred to a fund specified in Schedule VII of the Companies Act, 2013 within a period of six months from the end of the financial year.

Further, Section 135(6) of the Companies Act, 2013 provides that any amount remaining unspent on any ongoing project shall be transferred to the Unspent Corporate Social Responsibility (UCSR) Account within a period of thirty days from the end of the financial year. Such amount shall be spent towards CSR activities within a period of three financial years, failing which it shall be transferred to a fund specified in Schedule VII of the Companies Act, 2013 within a period of thirty days from the date of completion of the third financial year.

Rule 7(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 provides that any surplus arising out of CSR activities shall not form part of the business profit of the company and shall be ploughed back into the same project, or shall be transferred to the UCSR Account and spent in pursuance of the CSR policy and annual action plan of the company, or shall be transferred to a fund specified in Schedule VII of the Companies Act, 2013 within a period of six months from the end the financial year.

Applicability of CSR provisions to SPSEs

5.3 As on 31 March 2023, there were 66 functional SPSEs⁴ in Uttar Pradesh under the audit jurisdiction of the CAG, that were governed by the provisions of the Companies Act, 2013. Out of these 66 SPSEs, 19 SPSEs fulfilled the criteria prescribed under Section 135 (1) of the Companies Act, 2013, as per their latest finalised financial statements, as detailed in **Appendix 5.1**. Out of these 19 SPSEs, only nine SPSEs were mandated to incur expenditure on CSR activities, based on the average net profits made during the three immediately preceding financial years with reference to the financial year in which the SPSEs were required to spend on CSR activities.

Accordingly, these nine SPSEs were required to spend ₹ 8.75 crore on CSR activities during the respective succeeding financial year⁵. However, only three SPSEs spent ₹ 4.44 crore⁶, and ₹ 4.61 crore remained unspent by the remaining six SPSEs.

³ Profit Before Tax (PBT) is used for the computation of net profit.

⁴ Excluding Statutory Corporations.

⁵ Ranging between 2014-15 and 2021-22.

⁶ Against a minimum of ₹ 4.14 crore required to be spent.

Audit findings

5.4 Audit examined compliance with the provisions relating to the implementation of CSR activities by nine SPSEs that were required to mandatorily spend on CSR activities. The audit findings, specifically regarding the constitution of CSR Committees, formulation and adherence to CSR policies, planning and execution of CSR activities, and monitoring and reporting by the SPSEs, are discussed in the succeeding paragraphs.

Constitution of the CSR Committee

5.5 As discussed in **Paragraph 5.2**, every company that fulfils the prescribed criteria of net worth, turnover, or net profit is required to constitute a CSR Committee of the Board. Section 135(1) of the Companies Act, 2013 provides that the CSR Committee of a company shall consist of three or more directors, out of which at least one director shall be an independent director. It further provides that where a company is not required to appoint an independent director, it shall have in its CSR Committee two or more directors. Additionally, Section 135(9) of the Companies Act, 2013 provides that where the amount to be spent by a company on CSR activities does not exceed ₹ 50 lakh, the requirement to constitute a CSR Committee shall not be applicable, and the functions of such a committee shall be discharged by the Board of Directors of such company.

Audit observed that, out of the nine SPSEs, six SPSEs⁷ were required to constitute a CSR Committee. All six SPSEs had constituted the CSR Committees. However, Uttar Pradesh Medical Supplies Corporation Limited, which was required to constitute its CSR Committee during the year 2020-21, did so only in June 2022. Moreover, the remaining three SPSEs⁸ also constituted CSR Committees despite not being obligated to do so.

Audit further observed that all nine SPSEs had a minimum of three directors in their CSR Committees. However, seven SPSEs⁹ did not comply with the requirement of an independent director in their CSR Committees during the year 2022-23, as mandated under Section 149(4) of the Companies Act, 2013, read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Formulation of CSR policy

5.6 As discussed in **Paragraph 5.2**, the CSR Committee is required to formulate and recommend to the Board a CSR policy, which shall indicate the activities to be undertaken by the company.

Audit observed that, out of the nine SPSEs, one SPSE, *viz.*, Uttar Pradesh Rajkiya Nirman Nigam Limited, had not formulated any CSR policy as on

⁷ Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh Power Transmission Corporation Limited, Uttar Pradesh Purva Sainik Kalyan Nigam Limited, Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh Medical Supplies Corporation Limited, and Uttar Pradesh State Bridge Corporation Limited.

⁸ Uttar Pradesh Development Systems Corporation Limited, Jawaharpur Vidyut Utpadan Nigam Limited, and U.P. Projects Corporation Limited.

⁹ One SPSE *viz.*, Uttar Pradesh Medical Supplies Corporation Limited had appointed an independent director ((who remained up to 21 March 2023) in its CSR Committee and one SPSE, *viz.*, Jawaharpur Vidyut Utpadan Nigam Limited was not required to appoint independent directors as it was a subsidiary of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited.

31 March 2023. Further, Uttar Pradesh Medical Supplies Corporation Limited had not formulated a CSR policy during the year it was mandated to incur CSR expenditure, *i.e.*, 2020-21, thereby not complying with the provisions of Section 135(3) of the Companies Act, 2013. However, it subsequently formulated the CSR policy in June 2022.

Formulation of Annual Action Plan

5.7 Rule 5(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014¹⁰ provides that the CSR Committee shall formulate and recommend to the Board an Annual Action Plan (AAP) in pursuance of its CSR policy, which shall include: (a) a list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013; (b) the manner of execution of such projects or programmes; (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes; (d) monitoring and reporting mechanisms for the projects or programmes; and (e) details of need and impact assessment, if any, for the projects undertaken by the company.

Audit observed that, out of the nine SPSEs, four SPSEs¹¹ were required to formulate an AAP for the year 2021–22 and onwards, in compliance with the above-mentioned rule. However, none of these SPSEs had formulated the required AAP. In the absence of an AAP, the SPSEs were unable to plan the modalities for fund utilisation and establish implementation schedules for CSR activities before initiating the projects. Instead, individual CSR project proposals were approved on a case-to-case basis by the SPSEs.

Expenditure on CSR activities

5.8 As discussed in **Paragraph 5.2**, the Board of every company is required to ensure that the company spends, in every financial year, at least two *per cent* of the average net profits of the company made during the three immediately preceding financial years, or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its CSR Policy.

The details of the minimum amount required to be spent on CSR activities and the amount actually spent by the nine SPSEs during the relevant financial year are given in **Table 5.1**.

Table 5.1: Details of minimum amount required to be spent and actual amount spent on CSR activities

(₹ in crore)						
Sl. No.	Name of the SPSE	Year of the latest finalised financial statements	Minimum amount to be spent	Amount allocated	Amount actually spent	Amount short spent
1.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2021-22	1.36	1.36	1.38 ¹²	0.00
2.	Uttar Pradesh Power Transmission Corporation Limited	2021-22	1.65	1.66	1.66	0.00

¹⁰ Amended *vide* amendment dated 21.01.2021

¹¹ Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh Power Transmission Corporation Limited, Uttar Pradesh Purva Sainik Kalyan Nigam Limited, and Jawaharpur Vidyut Utpadan Nigam Limited.

¹² Including ₹ 0.02 crore pertaining to the financial year 2020-21.

Sl. No.	Name of the SPSE	Year of the latest finalised financial statements	Minimum amount to be spent	Amount allocated	Amount actually spent	Amount short spent
3.	Uttar Pradesh Development Systems Corporation Limited	2020-21	0.29	0.00	0.00	0.29
4.	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2021-22	1.13	1.42	1.40	0.00
5.	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	0.26	0.00	0.00	0.26
6.	Uttar Pradesh Rajkiya Nirman Nigam Limited	2014-15	3.06	0.00	0.00	3.06
7.	Uttar Pradesh State Bridge Corporation Limited	2019-20	0.58	0.00	0.00	0.58
8.	U.P. Projects Corporation Limited	2019-20	0.37	0.00	0.00	0.37
9.	Jawaharpur Vidyut Utpadan Nigam Limited	2021-22	0.05	0.00	0.00	0.05
Total			8.75	4.44	4.44	4.61

Source: Compiled based on information provided by the SPSEs

It can be seen from **Table 5.1** that, out of the nine SPSEs, six SPSEs neither allocated nor spent any amount on CSR activities during the relevant financial year, against the required amount of ₹ 4.61 crore. The remaining three SPSEs allocated and spent ₹ 4.44 crore against the required minimum amount of ₹ 4.14 crore during the relevant financial year.

Analysis of the amount spent on CSR activities

5.9 As discussed in **Paragraph 5.8**, three SPSEs¹³ incurred an expenditure of ₹ 4.44 crore on CSR activities during the relevant financial year. An analysis of the said amount revealed the following:

Sector-wise CSR expenditure

5.10 The details of CSR expenditure incurred by the three SPSEs across various sectors are given in **Table 5.2**.

Table 5.2: Sector-wise expenditure on CSR activities

Sl. No.	Name of the Sector	No. of SPSEs that spent on CSR activities	Amount spent (₹ in crore)
1.	Power	2	3.04
2.	Health and Welfare	1	1.40
Total		3	4.44

Source: Compiled based on information provided by the SPSEs

It can be seen from **Table 5.2** that SPSEs in the Power Sector incurred the highest expenditure on CSR activities, accounting for 68.47 per cent of the total CSR expenditure incurred.

Focus areas for CSR expenditure

5.11 Schedule VII of the Companies Act, 2013 specifies 12 broad areas for CSR activities. The details of the amount spent by the SPSEs across various areas are given in **Table 5.3**.

¹³ Uttar Pradesh Purva Sainik Kalyan Nigam Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, and Uttar Pradesh Power Transmission Corporation Limited.

Table 5.3: Focus areas for CSR expenditure

Sl. No.	Area	No. of activities	Amount spent (₹ in crore)	Percentage of the total amount spent
1.	Education	3	2.22	50.00
2.	Rural Development	2	0.88	19.82
3.	Healthcare	2	0.34	7.66
4.	Environment	1	0.10	2.25
5.	Sports	1	0.90	20.27
Total		9	4.44	100.00

Source: Compiled based on information provided by the SPSEs

As can be seen from **Table 5.3**, the largest share of CSR expenditure (50 per cent) was on educational activities, followed by 20.27 per cent on sports and 19.82 per cent on rural development.

Surplus from CSR activities

5.12 As discussed in **Paragraph 5.2**, any surplus arising out of CSR activities is not to form part of the company's business profit and is required to be ploughed back into the same project, or is to be transferred to the UCSR Account, and spent in pursuance of the CSR policy and Annual Action Plan of the company, or is to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 within a period of six months from the end of the financial year.

Audit observed that none of the projects undertaken by the three SPSEs generated any surplus from CSR activities.

Expenditure on administrative overheads

5.13 Rule 7(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 provides that the board shall ensure that the administrative overheads¹⁴ shall not exceed five per cent of the total CSR expenditure of the company for the financial year.

Audit observed that none of the three SPSEs reported any expenditure on administrative overheads relating to CSR activities.

Monitoring framework

5.14 Rule 5(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 provides that the CSR Committee shall institute a monitoring mechanism for the implementation of CSR projects/programmes undertaken by the company.

Audit observed that all eight SPSEs that had formulated a CSR policy as on 31 March 2023, as discussed in **Paragraph 5.8**, had defined a monitoring mechanism in their CSR policies. However, none of the SPSEs had established a mechanism for conducting regular CSR Committee meetings to monitor the implementation of CSR activities.

¹⁴ Salary and training for the employees working in the CSR Division of a company, stationery cost, travelling expenses, etc.

Audit further observed that during the year 2022-23, five SPSEs¹⁵ conducted only one CSR Committee meeting each, one SPSE¹⁶ conducted two CSR Committee meetings, and two SPSEs¹⁷ conducted three CSR Committee meetings each. Moreover, one SPSE, viz., Jawaharpur Vidyut Utpadan Nigam Limited, did not conduct any CSR Committee meeting during the year 2022-23.

Reporting and disclosure

5.15 Section 135(4) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, provides that that the Board of every company shall, after taking into account the recommendations made by the CSR Committee, approve the CSR policy for the company and disclose contents of such policy, the composition of CSR Committee, and the projects approved by the Board in its report, and also place them on the company's website.

Audit observed the following shortcomings in the disclosure of CSR-related information:

- Out of the nine SPSEs, one SPSE, viz., Jawaharpur Vidyut Utpadan Nigam Limited, did not have a website. Only one SPSE, viz., Uttar Pradesh Power Transmission Corporation Limited, had disclosed its CSR Policy, the composition of its CSR Committee, and the projects approved by the Board on its website. One SPSE, viz., Uttar Pradesh Rajkiya Nirman Nigam Limited, which had not formulated a CSR policy, had not disclosed the composition of the CSR Committee or the projects approved by the Board on its website.
- Of the remaining six SPSEs, five SPSEs¹⁸ had disclosed only the CSR policy on their websites. One SPSE, viz., Uttar Pradesh Purva Sainik Kalyan Nigam Limited, had disclosed the composition of its CSR Committee and the projects approved by the Board on its website, but had not disclosed the CSR policy.
- Out of the nine SPSEs, only five SPSEs¹⁹ had finalised their Annual Reports for the respective years of their latest finalised financial statements. Among these, three SPSEs disclosed the required information relating to CSR activities in their Annual Reports. However, the remaining two SPSEs²⁰ did not provide complete disclosures regarding CSR activities in their Annual Reports.

¹⁵ Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh Rajkiya Nirman Nigam Limited, U.P. Projects Corporation Limited, Uttar Pradesh State Bridge Corporation Limited, and Uttar Pradesh Medical Supplies Corporation Limited.

¹⁶ Uttar Pradesh Development Systems Corporation Limited.

¹⁷ Uttar Pradesh Power Transmission Corporation Limited and Uttar Pradesh Purva Sainik Kalyan Nigam Limited.

¹⁸ Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh State Bridge Corporation Limited, Uttar Pradesh Medical Supplies Corporation Limited, U.P. Projects Corporation Limited, and Uttar Pradesh Development Systems Corporation Limited.

¹⁹ Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh Power Transmission Corporation Limited, U.P. Projects Corporation Limited, Uttar Pradesh Development Systems Corporation Limited, and Jawaharpur Vidyut Utpadan Nigam Limited.

²⁰ Uttar Pradesh Development Systems Corporation Limited and Jawaharpur Vidyut Utpadan Nigam Limited.

Conclusion

Although the statutory framework for CSR is well-established under the Companies Act, 2013, its implementation by SPSEs in Uttar Pradesh remained inconsistent and often fell short of the mandated requirements. While most SPSEs fulfilled their basic obligation of forming CSR Committees and formulating CSR policies, lapses were observed in several other critical aspects of CSR governance. None of the four SPSEs required to formulate Annual Action Plans had done so. Out of the nine SPSEs required to incur CSR expenditure, six SPSEs did not allocate or spend the mandated amount. CSR Committee meetings were irregular or infrequent, and the disclosure of CSR-related information remained inadequate, undermining transparency and accountability.

Recommendations

- *SPSEs may formulate Annual Action Plans to ensure the structured implementation of CSR initiatives.*
- *SPSEs may ensure timely allocation and full utilisation of CSR funds as per the mandated thresholds. Non-utilisation may be strictly monitored, and unspent amounts dealt with as per legal provisions.*
- *Regular CSR Committee meetings may be held to track the implementation of projects, monitor fund utilisation, and review the progress of CSR activities.*
- *SPSEs may publish CSR policies, CSR Committee composition, and project details on their websites and in Annual Reports.*

CHAPTER–VI
Performance Audit on the Working
of Uttar Pradesh Rajkiya Nirman
Nigam Limited

CHAPTER-VI

Performance Audit on the Working of Uttar Pradesh Rajkiya Nirman Nigam Limited

Uttar Pradesh Rajkiya Nirman Nigam Limited, incorporated in May 1975, is managed by a 10-member Board of Directors including a Chairman and Managing Director. The performance audit, covering the period from 2018-19 to 2022-23, evaluated financial management, operational planning, execution of operations, internal controls, and monitoring mechanisms of the Company.

The main source of funds was the amount received from clients against deposit works. The Company operated without a budget during 2019-20 to 2021-22. Audit observed irregularities, including expenditure of ₹ 65.80 crore in excess of funds received, non-refund of unspent balances of ₹ 1.65 crore, interest of ₹ 641.45 crore earned on Government funds credited only in the Government's ledger account but not deposited into the Treasury, and interest of ₹ 7.47 crore on mobilisation advances retained as Company income.

The Company's order book decreased substantially due to Government of Uttar Pradesh's withdrawal of award of deposit works above ₹ 50 crore on nomination basis in December 2019. It also lost tender works valuing ₹ 1,354.11 crore, due to inadequate documentation and blacklisting. Project planning was weak, with absence of scheduled completion dates/milestones, and commencement of works without technical sanctions and environmental clearances.

Tendering and execution processes were deficient, with inadequate time for bid submission, irregular subletting of works, irregular release of advances to sub-contractors, short recovery of interest on mobilisation advances, non-recovery of Workers' Welfare Cess, non-procurement of materials/services through Government e-marketplace (GeM), and execution of additional works without client approval.

Internal controls were weak, and monitoring was deficient. The financial statements of the Company were in arrears for seven years (2016-17 to 2022-23), and annual reports were not laid before the State Legislature since 2000-01. The corporate governance practices were inadequate, with no independent directors, statutory committees not constituted, and regular board meetings not conducted. Project monitoring and controls were weak, resulting in additional burden of ₹ 165.72 crore due to financial irregularities in deposit works, and payments of ₹ 31.72 crore for unexecuted work.

About the Company

6.1 Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) was incorporated on 1 May 1975 as a State-owned construction undertaking with a view to undertake civil engineering works. The Company also aimed to execute these works directly and, as far as possible, eliminate the involvement of contractors and sub-contractors, thereby ensuring speedy construction with quality and economy. The main objectives of the Company are:

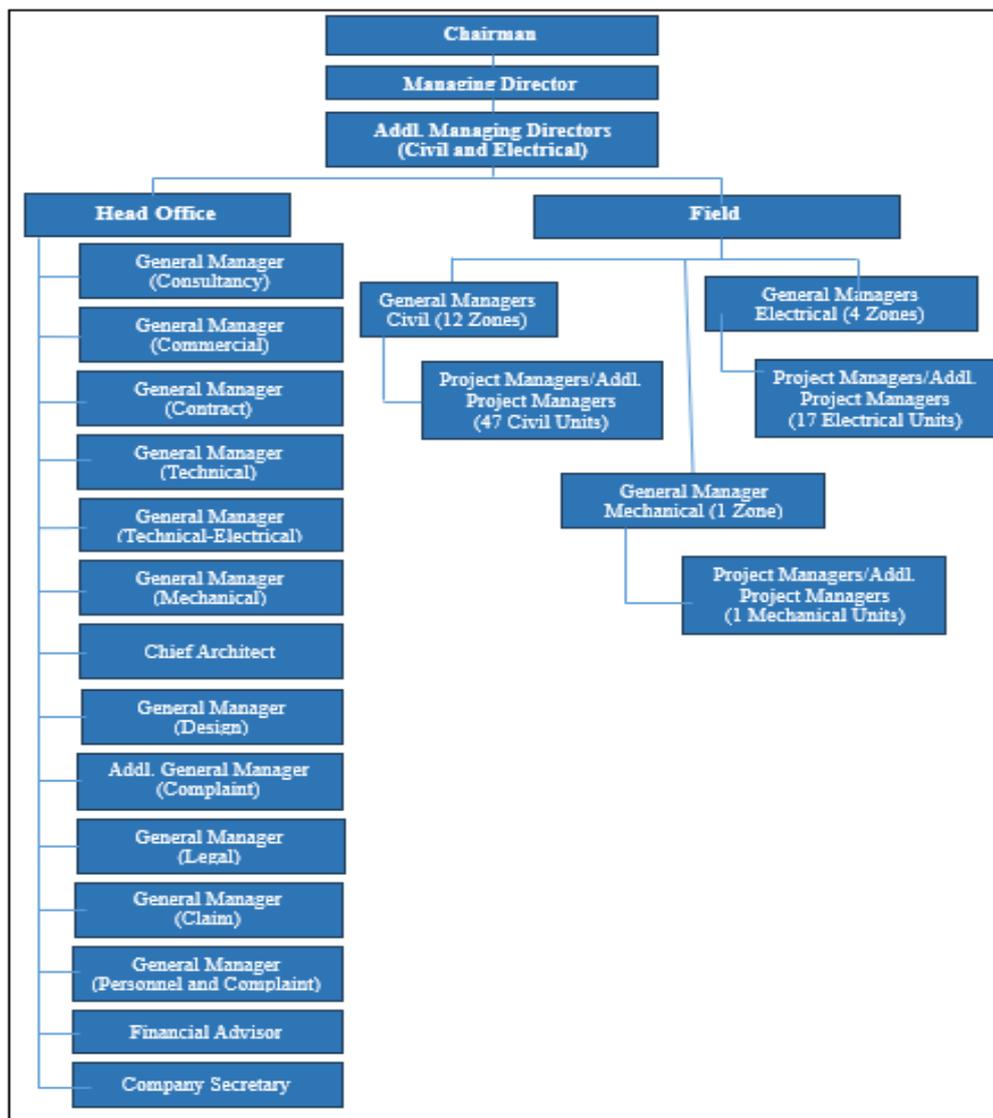
- To undertake works of civil, mechanical, electrical, sanitary, and water engineering, to carry out construction, maintenance, and improvement of roads and buildings of all kinds, and barrages, dams, aqueducts, bridges, culverts, tunnels, railway-related works, airports, rope-ways, electrical and its allied activity and it includes power plants, Sewerage Treatment Plant (STP), Effluent Treatment Plant (ETP), electric sub-stations including transformer, solar power plants and their maintenance, to provide project management consultancy services, township planning, village planning, malls, resorts, commercial complexes, amusement and entertainment parks, construction of memorials, seaports and waterways works, housing schemes and to do all activities incidental to such business activity, and installation and maintenance of solar panels, solar energy and its allied activities and sanitary installations.
- To manufacture, buy, sell, install, work, alter, improve, manipulate or otherwise deal in all kinds of bricks, tiles, earthenware, cement, stone, sand, hardware and other building materials, equipment, tools, electrical items, and machinery, *etc.*, and irrigation-related activities, *etc.*
- To purchase, take on lease or otherwise, take over any roads and buildings owned by the State Government for the purpose of construction, maintenance or management thereof and rendering project management consultancy. To carry out various CSR activities of other public sector units and companies.

Organisational set-up

6.2 The Management of the Company is vested in a Board of Directors comprising 10 Directors, including a Chairman and a Managing Director. The Managing Director of the Company is assisted by two Additional Managing Directors, a Financial Advisor (FA), a Chief Architect, a Company Secretary, and 10 General Managers (GMs) and one Additional General Manager at the Head Office. At the field level, the Managing Director is assisted by 17 General Managers who supervise 65 field units headed by Project Managers/Additional Project Managers.

The organogram of the Company is given in **Chart 6.1**.

Chart 6.1: Organogram of the Company



Source: Information furnished by the Company as on March 2023

Status of manpower

6.3 An organisation's ability to effectively carry out its operations and achieve organisational objectives is contingent upon having an adequate and skilled workforce in position across various functions and levels.

The details of sanctioned strength *vis-à-vis* men-in-position in different employee categories from 2018-19 to 2022-23 are given in **Table 6.1**.

Table 6.1: Details of category-wise sanctioned strength and men-in-position

Category	Sanctioned strength	Men-in-position				
		2018-19	2019-20	2020-21	2021-22	2022-23
Group A	391	229 (59%)	210 (54%)	199 (51%)	174 (45%)	147 (38%)
Group B	431	293 (68%)	283 (66%)	252 (58%)	270 (63%)	261 (61%)
Group C	1183	722 (61%)	709 (60%)	645 (55%)	588 (50%)	547 (46%)
Group D	96	145 (151%)	145 (151%)	157 (164%)	169 (176%)	168 (175%)
Total	2101	1,389 (66%)	1,347 (64 %)	1,253 (60%)	1,201 (57%)	1,123 (53%)

Source: Information furnished by the Company

As is evident from **Table 6.1**, the overall men-in-position ranged from 53 per cent to 66 per cent of the total sanctioned strength during the period from 2018-19 to 2022-23, indicating a significant gap between the approved workforce and the actual employees on rolls. Except for the Group D category, which was in excess of the sanctioned strength, the gap between sanctioned strength and actual men-in-position for other categories has widened over the years, indicating inefficient workforce planning, challenges in fulfilling workforce requirements, and potential adverse impact on the Company's operational capabilities.

Financial position and working results

6.4 The financial position and working results of the Company as per the unaudited financial statements for the period 2018-19 to 2022-23 are summarised in **Tables 6.2** and **6.3**.

Table 6.2: Financial position of the Company during the period 2018-19 to 2022-23

(₹ in crore)						
Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Liabilities						
1.	Share Capital	1.00	1.00	1.00	1.00	1.00
2.	Reserves and Surplus	1,607.48	1,646.43	1,684.18	1,721.20	1,753.63
3.	Non-Current Liabilities	2,380.08	2,179.66	182.80	15.26	165.92
4.	Current Liabilities	6,119.40	5,445.58	5,959.85	8,640.62	9,953.44
Total Liabilities (A)		10,107.96	9,272.67	7,827.83	10,378.08	11,873.99
(B) Assets						
5.	Property, Plant, and Equipment	68.33	65.88	64.09	53.71	46.75
6.	Intangible Assets	--	--	--	0.17	0.20
7.	Capital Work-in-Progress	--	--	--	--	11.84
8.	Deferred Tax Assets	3.64	4.26	4.14	1.09	1.75
9.	Long-Term Loans and Advances	2,419.93	2,209.09	215.65	62.02	169.48
10.	Current Assets	7,616.06	6,993.44	7,543.95	10,261.09	11,643.97
Total Assets (B)		10,107.96	9,272.67	7,827.83	10,378.08	11,873.99

Source: Unaudited financial statements of the Company

An analysis of the financial position of the Company during the period 2018-19 to 2022-23 revealed the following:

- Share Capital has remained constant at ₹ one crore across all the years from 2018-19 to 2022-23, signifying no change in the Company's paid-up equity share capital.
- Reserves and Surplus have shown a consistent increase year-over-year, growing from ₹ 1,607.48 crore in 2018-19 to ₹ 1,753.63 crore in 2022-23. This suggests that the Company has been profitable and has been retaining its earnings to build up its reserves.
- Non-Current Liabilities and Long-Term Loans and Advances have fluctuated significantly. Non-Current Liabilities decreased from ₹ 2,380.08 crore in 2018-19 to ₹ 15.26 crore in 2021-22 but increased to ₹ 165.92 crore in 2022-23. Similarly, Long-Term Loans and Advances decreased from ₹ 2,419.93 crore in 2018-19 to ₹ 62.02 crore in 2021-22 but increased to ₹ 169.48 crore in 2022-23. The significant decrease in Non-Current Liabilities and Long-Term Loans and Advances during 2020-21 and 2021-22 was due to the pre-payment of the loan obtained by the Company from Housing and Urban Development Corporation Limited (HUDCO) on

behalf of the State Government. The sudden increase in Non-Current Liabilities from ₹ 15.26 crore to ₹ 165.92 crore during the year 2022-23 was due to an increase in provision for incomplete works.

- Current Liabilities have shown an increasing trend, rising from ₹ 6,119.40 crore in 2018-19 to ₹ 9,953.44 crore in 2022-23.
- Property, Plant, and Equipment have remained relatively stable, with a slight decrease from ₹ 68.34 crore in 2018-19 to ₹ 46.75 crore in 2022-23, indicating that the Company's fixed assets are ageing and may require replacement or upgradation in the future.
- Current Assets have shown a significant increase, growing from ₹ 7,616.06 crore in 2018-19 to ₹ 11,643.97 crore in 2022-23.

Table 6.3: Working results of the Company during the period 2018-19 to 2022-23

(₹ in crore)						
Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Income						
1.	Revenue from operations:					
	(a) Deposit works	3213.30	3059.17	2662.66	2702.42	2065.14
	(b) Project Management Consultancy (PMC) works	180.33	169.55	52.51	275.59	30.62
	(c) Tender works	554.67	170.64	149.44	39.34	113.25
	Total	3948.30	3399.36	2864.61	3017.35	2209.01
2.	Interest income	66.06	62.44	44.53	40.29	74.93
3.	Other non-operating income/ miscellaneous income	1.31	1.12	3.95	10.39	10.97
	Total Income (A)	4015.67	3462.92	2913.09	3068.03	2294.91
(B) Expenses						
4.	Operating expenses	3658.96	3185.67	2632.42	2787.06	2033.30
5.	Employees benefit expenses	195.05	177.58	189.53	170.58	178.71
6.	Financial costs	0.30	0.14	0.04	0.17	0.12
7.	Depreciation and amortisation expenses	1.66	3.82	3.03	10.43	1.06
8.	Other expenses	52.02	36.52	30.41	34.41	39.83
9.	Prior period expenses	--	0.12	0.01	--	--
	Total Expenses (B)	3907.99	3403.85	2855.44	3002.65	2253.02
	Operating Profit/(Loss) [1-(4+5+7+8+9)]	40.61	(4.35)	9.21	14.87	(43.89)
	Net Profit/(Loss) (A-B)	107.68	59.07	57.65	65.38	41.89

Source: Unaudited financial statements of the Company

An analysis of the working results of the Company during the period 2018-19 to 2022-23 reveals the following:

- **Declining revenue from operations and operating profit:** The Company's revenue from operations decreased by 44 per cent (₹ 3,948.30 crore in 2018-19 to ₹ 2,209.01 crore) over the past five years. Consequently, the operating profit of the Company has also been decreasing, and in the most recent year (2022-23), the Company has experienced an operating loss of ₹ 43.89 crore. The decline in operating profit and the recent operating loss raise serious concerns about the Company's profitability and indicate difficulty in generating enough revenue to cover operational costs.

- **Dependence on non-operating income:** The Company generated non-operating income (interest income and other miscellaneous income) ranging between ₹ 48.48 crore and ₹ 85.90 crore during the period 2018-19 to 2022-23. However, relying on these sources to supplement operating income is not a sustainable long-term strategy. The focus should be on improving core

business operations and increasing revenue from core activities. Further, while revenue from operations has decreased by 44 *per cent* over the past five years, non-operating income has not shown a significant increase, resulting in a steady decline in net profit (₹ 107.68 crore in 2018-19 to ₹ 41.89 crore in 2022-23). This suggests that the Company has not been able to effectively leverage its non-core business activities (consultancy services, hiring charges on steel shuttering, sale of assets, and other miscellaneous income sources) to offset the decline in core business revenue. Moreover, there was an increase in interest income from ₹ 40.29 crore during the year 2021-22 to ₹ 74.93 crore during the year 2022-23, primarily due to higher investments in fixed deposits, enabled by improved liquidity resulting from a decrease in Trade Receivables and Long-Term Loans and Advances.

Audit objectives

6.5 The objectives of the performance audit were to assess whether the Company:

- had an effective and efficient financial management system;
- planned and executed its operations economically, efficiently, and effectively, conforming with the objectives of the Company and in accordance with prescribed procedures and rules; and
- had adequate, efficient, and effective internal controls and monitoring mechanisms.

Audit criteria

6.6 The audit criteria for the performance audit were drawn from the following sources:

- ‘Working Manual and Forms’ of the Company and orders of GoUP/ Company issued from time to time.
- Uttar Pradesh Budget Manual, Financial Handbook (FHB) of GoUP, General Financial Rules (GFR), and Guidelines of Central Vigilance Commission (CVC).
- Budgets prepared by the Company.
- Schedule of Rates of Uttar Pradesh Public Works Department (UPPWD)/ Central Public Works Department (CPWD).
- Terms and conditions of contracts executed with the clients/ contractors.

Scope and methodology of audit

6.7 The performance audit was conducted to evaluate the working of the Company in the execution of construction works during the five years from 2018-19 to 2022-23. Audit examined records at the Head Office of the Company and 18 field units¹. The field units were selected by adopting the stratified random sampling method. Further, 78 works² executed by the selected 18 field units, on which expenditure of ₹ 4,022.75 crore³ was incurred by the Company during the period 2018-19 to 2022-23, were selected for detailed examination

¹ Out of 65 fields units.

² Out of 585 works executed by the selected 18 field units during the period 2018-19 to 2022-23.

³ Out of ₹ 5,399.37 crore being the expenditure incurred by the Company during the period 2018-19 to 2022-23 on the 585 works executed by the selected 18 field units.

by adopting the stratified random sampling method. Besides, records of the administrative department, *i.e.*, UPPWD, relating to the Company were also examined.

The audit objectives, scope, and methodology of the performance audit were explained to the Management and GoUP during the Entry Conference held on 27 July 2023. The methodology for conducting the performance audit included examination of records, analysis of data, raising audit queries, and interaction with the Management. After the issue of the draft Performance Audit Report, an Exit Conference was held with the Management and GoUP on 16 August 2024 to discuss the audit observations and replies of the Management/GoUP. The replies of the Management/GoUP have been suitably incorporated in the Report.

Audit constraints

6.8 The Company had not furnished records and information as detailed in **Appendix 6.1**, which adversely impacted the performance audit.

Acknowledgement

6.9 Audit acknowledges the co-operation and assistance extended by GoUP, Head Office of the Company, and test-checked field units in conducting the performance audit.

Audit findings

6.10 The performance audit revealed deficiencies in financial management, operational planning, execution of operations, and internal controls and monitoring of the Company. The audit findings are discussed in detail in the succeeding paragraphs.

Financial Management

6.11 Financial management is the managerial activity that is concerned with planning and controlling the firm's financial resources. In other words, it is concerned with acquiring, financing, and managing assets to accomplish the overall goal of a business enterprise. Financial management comprises forecasting, planning, organising, directing, co-ordinating, and controlling of all activities relating to the acquisition and application of the financial resources of an undertaking in keeping with its financial objective.

The Company is engaged in the execution of construction projects across diverse sectors, including infrastructure development, healthcare facilities, educational institutions, and public buildings. Primarily, the Company undertakes these projects on a deposit basis, wherein it receives funds from various State Government departments and executes construction activities as per their requirements. Given the substantial magnitude of public funds involved and the pivotal role played by the Company in the State's development initiatives, adherence to sound financial management principles acquires paramount importance. Efficient financial management practices are crucial for the Company to ensure the judicious utilisation of resources, maintain financial discipline, and achieve desired outcomes in project execution.

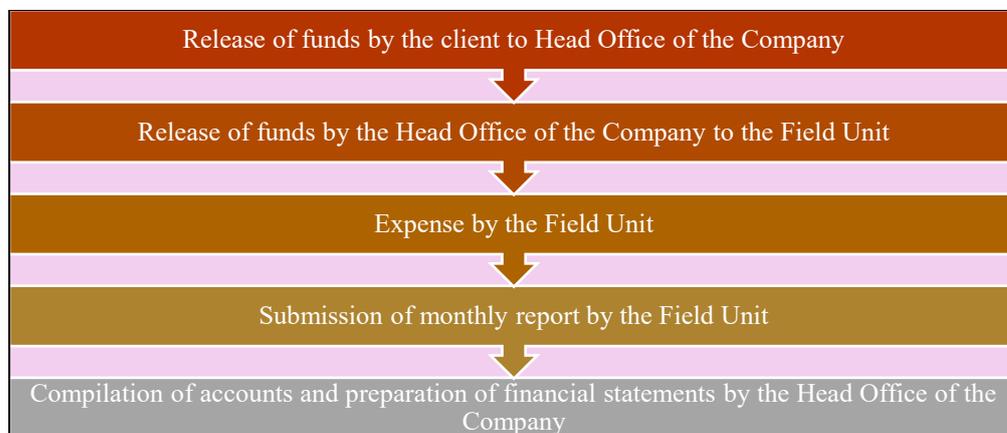
Status of receipt and utilisation of funds

6.11.1 The main source of funds of the Company is deposits from clients against deposit works. Para 137 of the Company's Working Manual provides that the

Head Office would provide funds to the Units according to their monthly requirement based on the expected amount of work to be executed.

The process of the flow of funds in the case of deposit works is depicted in **Chart 6.2**.

Chart 6.2: Process flow of funds



Source: Information furnished by the Company

Further, the details of funds received and utilised by the Company during the period 2018-19 to 2022-23 against deposit works assigned to the Company during such period are depicted in **Table 6.4**.

Table 6.4: Details of funds received and utilised

Year	No. of deposit works assigned during the year	Sanctioned cost of the works	Cumulative funds received up to 31 March 2023	Cumulative funds utilised up to 31 March 2023	(₹ in crore)
					Balance funds available as on 31 March 2023
2018-19	209	2,956.04	2,142.85	1,868.71	274.14
2019-20	185	1,509.30	1,220.73	1,016.58	204.15
2020-21	128	870.05	513.55	398.10	115.45
2021-22	395	1,437.59	539.49	346.42	193.07
2022-23	275	777.93	270.76	112.20	158.56
Total	1,192	7,550.91	4,687.38	3,742.01	945.37

Source: Compiled by audit based on information furnished by the Company

From **Table 6.4**, it would be seen that the Company was assigned 1,192 deposit works during the period 2018-19 to 2022-23, against which it received an amount of ₹ 4,687.38 crore till March 2023. Out of ₹ 4,687.38 crore received by the Company, ₹ 3,742.01 crore (80 per cent) was utilised up to March 2023, and an amount of ₹ 945.37 crore was available with the Company against such works as on 31 March 2023.

Deficiencies in budgeting exercise

6.11.2 Budgets are quantitative statements prepared and approved before a defined period, outlining the policy to be pursued during that period to achieve specified objectives. Budgets facilitate planning, coordinating, and controlling an organisation's activities. The Company's Working Manual provides that, each year in January, the Head Office shall prepare the budget for the next financial year and the Board of Directors shall approve it by March.

Audit noticed that the Company proposed budgets for four years from 2019-20 to 2022-23 together on 27 September 2022. Considering budget proposals for three years from 2019-20 to 2021-22, a redundant exercise, the BoD did not

approve the same. However, it approved the 2022-23 budget after a delay of six months. Thus, the work for the years 2019-20 to 2021-22 was carried out in the absence of an appropriate budget, which affected the Company's ability to effectively monitor progress and exercise budgetary control.

In reply, the Government and Management stated (July 2024) that due to unavoidable reasons, budgets for the years 2019-20 to 2021-22 were not placed before the BoD in a timely manner.

Expenditure in excess of funds received

6.11.3 Para 39 of the Company's Working Manual provides that in the case of deposit works, expenditure should be restricted to the amount deposited by the concerned department of GoUP.

Audit noticed that during the period 2018-19 to 2022-23, the Company completed 1,003 deposit works after incurring an expenditure of ₹ 12,161.02 crore. Out of the above, 99 works were completed by the Company after incurring an expenditure of ₹ 1,917.25 crore against funds received amounting to ₹ 1,851.45 crore. Thus, the Company had incurred expenditure of ₹ 65.80 crore in excess of funds received against the said works. It is worthwhile to mention here that in 29 works out of the above 99 works, the Company had incurred an expenditure of ₹ 15.63 crore, even in excess of the sanctioned cost of the works (Sanctioned cost - ₹ 201.05 crore and Expenditure incurred - ₹ 216.68 crore).

In the case of the 29 works where expenditure had been incurred even in excess of the sanctioned cost, the Government and Management stated (July 2024) that efforts were being made by the concerned units to obtain approval for the revised estimates.

The efforts to obtain revised sanctions in respect of 29 works do not justify the violation of Para 39 of the Company's Working Manual, which mandates that expenditure should not exceed the funds deposited by the concerned department. Further, the reply did not address the remaining 70 works where the expenditure exceeded the funds received.

Unspent funds not refunded to clients

6.11.4 Para 39 of the Company's Working Manual provides that, after the completion of the deposit work, the total expenditure incurred on the project is to be intimated to the concerned Department/Officer of the Government, and the unspent amount, if any, is to be refunded.

Audit noticed that during the period 2018-19 to 2022-23, the Company closed accounts of 33 completed deposit works. Of these, 22 deposit works were completed after incurring an expenditure of ₹ 51.25 crore against funds received amounting to ₹ 52.90 crore. The unspent balance of ₹ 1.65 crore was, however, not refunded by the Company to the concerned Departments of GoUP till date (March 2023).

In reply, the Government and Management stated (July 2024) that the unspent balance would be refunded to the concerned Departments after finalisation of the accounts.

The reply is not acceptable, as the Company had already closed the accounts of these 22 works, yet the unspent balance of ₹ 1.65 crore was not refunded to the concerned Departments.

Interest earned on Government funds not deposited in the Treasury

6.11.5 GoUP directed⁴ (May 2015) the departments and State Public Sector Undertakings (PSUs) to deposit interest earned on funds released by it in the Treasury.

Audit noticed that as on 31 March 2023, an amount of ₹ 641.45 crore, being interest earned on funds released by the Government and parked in bank accounts maintained at field units, though credited to the Government's ledger account in the Company's books, was not actually deposited into the Treasury. Further, the Company, in violation of the above GoUP directive, treated interest earned⁵ on funds in bank accounts at its headquarters, including interest earned on Government funds, as its own income.

In reply, the Government and Management stated (July 2024) that interest is refunded upon demand by the respective departments, with ₹ 62.06 crore refunded between 2018-19 and June 2024. In the meeting (July 2016), chaired by the Finance Secretary, GoUP, the Company requested to adjust the outstanding dues from client departments against the interest earned.

The reply is not acceptable, as the Company was required to deposit the interest in the Treasury as per the Government Order.

Interest recovered on mobilisation advances not credited to the Government account

6.11.6 In some cases of deposit works of GoUP carried out by the Company, the Company released interest bearing mobilisation advances to the contractors.

In six such works test-checked, Audit noticed that the Company recovered ₹ 7.47 crore as interest on mobilisation advances from the contractors. However, instead of crediting the said amount to the Government's account and depositing the same in the Treasury, the Company treated it as its own income.

In reply, the Government and Management stated (July 2024) that in cases where contractors leave the work mid-way, the balance work is completed through another contractor by invoking the advance bank guarantee furnished by the original contractor and by utilising the interest earned on mobilisation advances. Thus, the interest earned on mobilisation advances is a security against financial loss arising from contractors leaving works mid-way. Such losses are not reimbursed by the GoUP.

The reply is not acceptable as interest on mobilisation advances is earned from funds released by GoUP, which has clarified from time to time that interest earned on its funds should be deposited in the Treasury. Further, financial loss due to contractors leaving work mid-way is secured by way of a performance bank guarantee and not by interest on mobilisation advances.

Operational Planning

6.12 The Company mainly executes tender works and cost *plus* centage/deposit works. Tender works involve executing projects based on fixed and agreed unit rates determined through competitive tendering or negotiations with clients. Cost *plus* centage works are undertaken based on the actual cost of work *plus* an additional percentage towards overheads and profit. Deposit works are works

⁴ Order No. 10/2015/A-1-502/10-2015-10(33)2010 dated 29 May 2015.

⁵ ₹ 287.08 crore for the period 2018-19 to 2022-23

of various departments of the Government of Uttar Pradesh (GoUP) with budgetary funding, executed on lines similar to cost *plus* centage works.

Deposit works/ cost *plus* centage works are generally assigned/awarded to the Company on nomination basis. It secures Project Management Consultancy (PMC) works through tender participation as well as on nomination basis.

Status of procurement of works

6.12.1 During the five-year period from 2018-19 to 2022-23, the Company was assigned 1,192 deposit/cost *plus* centage works valuing ₹ 7,550.91 crore on nomination basis, and secured 24 construction works and 57 project management consultancy works valuing ₹ 2,814.04 crore and ₹ 1,953.06 crore, respectively, through tender participation as detailed in **Table 6.5**.

Table 6.5: Details of works assigned/ awarded to the Company

Year	No. of deposit/ cost <i>plus</i> centage works assigned	Cost of deposit/ cost <i>plus</i> centage works assigned	No. of tender works awarded (Construction works)	Cost of tender works awarded (Construction works)	(₹ in crore)	
					No. of tender works awarded (PMC works)	Cost of tender works awarded (PMC works)
2018-19	209	2,956.04	6	586.76	10	1,098.20
2019-20	185	1,509.30	5	653.58	4	111.94
2020-21	128	870.05	6	940.26	25	522.53
2021-22	395	1,437.59	5	349.96	13	193.90
2022-23	275	777.93	2	283.48	5	26.49
Total	1,192	7,550.91	24	2,814.04	57	1,953.06

Source: Information furnished by the Company

From the above, it is evident that though the number of deposit/cost *plus* centage works assigned to the Company increased from 209 in 2018-19 to 275 in 2022-23, the sanctioned cost of these works dropped significantly from ₹ 2,956 crore in 2018-19 to ₹ 777.93 crore in 2022-23, *i.e.*, a reduction of around 74 *per cent*⁶ in value terms, indicating that the Company was being entrusted with low ticket size works. Notably, GoUP withdrew the award of deposit works above ₹ 50 crore on nomination basis to the Company in December 2019.

The Company was also not able to fill this gap effectively by securing construction and PMC works through tender participation. In fact, the value of construction works increased from ₹ 586.76 crore in 2018-19 to a high of ₹ 940.26 crore in 2020-21 but dropped to a five-year low of ₹ 283.48 crore in 2022-23, which is 70 *per cent*⁷ lower than the five-year peak. Also, the value of PMC works dropped from ₹ 1,098.20 crore in 2018-19 to ₹ 26.49 crore in 2022-23, *i.e.*, a reduction of around 97.59 *per cent*⁸ in value terms.

Thus, withdrawal of the Company's nomination for larger works by GoUP, coupled with its inability to secure more works through competitive bidding routes, adversely affected its revenue.

In reply, the Government and Management stated (July 2024) that prior to December 2019, 75 *per cent* of the turnover of the Company was of projects having cost over ₹ 50 crore. At present, the Company is executing five projects over ₹ 50 crore procured through EPC⁹ mode, and efforts are being made to procure big projects through tender.

⁶ (₹ 2,956 crore - ₹ 777.93 crore)/ ₹ 2,956 crore.

⁷ (₹ 940.26 crore - ₹ 283.48 crore)/ ₹ 940.26 crore.

⁸ (₹1,098.20 crore - ₹ 26.49 crore)/ ₹ 1,098.20 crore.

⁹ Engineering, Procurement, and Construction.

Deficiencies in tendering

6.12.2 Para 32 of the Company's Working Manual provides that the Company shall execute tender works which will be done on certain fixed and agreed unit rates for each item of the work, based on certain terms and conditions. These rates can be based on competitive tendering by a client or on the basis of negotiations with the client. The Company has its own contract wing under the General Manager (Contract) for obtaining tender works.

During the period 2018-19 to 2022-23, out of 266 valid¹⁰ tenders valuing ₹ 47,396.48 crore participated by the Company, it was technically disqualified in 70 tenders valuing ₹ 23,773.02 crore and in 115 tenders valuing ₹ 18,856.36 crore, it was not the lowest bidder. It was successful in obtaining 81 tenders valuing ₹ 4,767.10 crore, which is detailed year-wise in **Table 6.6**.

Table 6.6: Details of tenders participated in by the Company

(₹ in crore)

Year	Nature of work	Valid tenders participated		Tenders awarded			
		No.	Value	No.	Per cent	Value	Per cent
2018-19	Construction	45	10,175.41	6	13.33%	586.76	5.77%
	PMC	22	3,373.02	10	45.45%	1,098.20	32.56%
	Total	67	13,548.43	16	23.88%	1,684.96	12.44%
2019-20	Construction	35	9,153.05	5	14.29%	653.58	7.14%
	PMC	12	2,735.44	4	33.33%	111.94	4.09%
	Total	47	11,888.49	9	19.15%	765.52	6.44%
2020-21	Construction	42	7,896.75	6	14.29%	940.26	11.91%
	PMC	30	1,177.43	25	83.33%	522.53	44.38%
	Total	72	9,074.18	31	43.06%	1,462.79	16.12%
2021-22	Construction	28	7,761.09	5	17.86%	349.96	4.51%
	PMC	26	2,480.71	13	50.00%	193.90	7.82%
	Total	54	10,241.80	18	33.33%	543.86	5.31%
2022-23	Construction	16	2,139.27	2	12.50%	283.48	13.25%
	PMC	10	504.31	5	50.00%	26.49	5.25%
	Total	26	2,643.58	7	26.92%	309.97	11.73%
Total	Construction	166	37125.57	24	14.45 %	2814.04	7.58%
	PMC	100	10270.91	57	57.00%	1953.06	19.02%
	Grand Total	266	47,396.48	81	30.45%	4,767.10	10.06%

Source: Information furnished by the Company

From **Table 6.6**, it is evident that the Company's yearly participation in tenders varied from 26 tenders (lowest) in 2022-23 to 72 tenders (highest) in 2020-21, against which tenders awarded were seven tenders (lowest) and 31 tenders (highest) in 2022-23 and 2020-21, respectively. On an overall basis for the five years from 2018-19 to 2022-23, the Company bagged 30.45 per cent tenders (Construction works – 14.45 per cent; and PMC works – 57 per cent) in terms of numbers and 10.06 per cent tenders (Construction works – 7.58 per cent; and PMC works – 19.02 per cent) in terms of value. The difference between the percentage of tenders won in terms of numbers (30.45 per cent) and the percentage of tender value won (10.06 per cent) suggests that the Company has been more successful in securing contracts for lower-value projects compared to higher-value ones. Further, the difference between the percentage of tenders won for construction works (14.45 per cent) and the percentage of tenders won for PMC works (57 per cent) indicates that the Company has a higher success

¹⁰ Out of 305 tenders valuing ₹ 53,509.52 floated, 39 tenders valuing ₹ 6,113.04 crore were subsequently cancelled/ withdrawn by clients.

rate in securing PMC works as compared to construction works. Thus, the Company was more successful in securing PMC and small-value works as compared to construction tenders and high-value works.

Audit noticed that out of 14 disqualified tenders examined in detail, in seven tenders the Company was disqualified due to insufficient document¹¹ submission, while in the remaining seven tenders it was disqualified by the clients on account of blacklisting by the Infrastructure Committee of Subordinate Judiciary¹².

Audit observed that in two tenders worth ₹ 187.16 crore, the Company quoted the lowest rates but was disqualified for non-submission of requisite documents, while in four tenders worth ₹ 1,166.95 crore, it was the lowest bidder but was disqualified due to blacklisting by the Infrastructure Committee of Subordinate Judiciary. In one such case¹³, the client also encashed the earnest money of ₹ 1.93 crore for violating the conditions of the integrity pact. Thus, despite being the most competitive bidder, the Company lost significant opportunities due to poor documentation and blacklisting.

In reply, the Government and Management stated (July 2024) that the Company has requested the Hon'ble High Court, Allahabad, for reconsideration of its resolution blacklisting the company.

Recommendation

The Company may maintain a centralised repository of frequently required documents and establish a rigorous internal review process for all bids to ensure full compliance with tender requirements before submission.

The Company may develop and implement a comprehensive action plan to address the issue of blacklisting.

Absence of timelines and milestones

6.12.3 The administrative orders issued by Government departments/clients while assigning deposit works to the Company did not stipulate any scheduled date of completion or intermediate milestones. Accordingly, no fund release schedules linked to project milestones were finalised. In the absence of such timelines, the Company, based on its own assessments, fixed the completion date and revised these dates to the expected completion date. The company did not have any contractual obligation or consequences for delays. This practice not only reflects poor initial planning but also undermines accountability, as there were no penalties for delays or incentives for timely completion.

In reply, the Government and Management accepted (July 2024) the facts mentioned in the observation and stated that funds for works are allocated yearly through the budget for the ensuing financial year. The timeline/bar chart/milestone for the completion of work is prescribed in the agreement entered with the sub-contractor, and the work is executed accordingly. The

¹¹ Acknowledgement of up-to-date GST filed return, certificates, electrical license, details of proposed methodology and program of construction, GST clearance certificate and ITR, documentary proof of work completion related to similar nature of work, Annual report/audited report, etc.

¹² On 27 February 2020 due to the execution of sub-standard work in respect of CCTV installation at Hon'ble High Court, Allahabad.

¹³ 'Construction of New Greenfield Airport at Hollongi, Itanagar, Arunachal Pradesh' estimated at ₹ 167.56 crore.

client department also reviews the work as per the bar chart/scheduled timeline. For any delay, a penalty is imposed on the contractor as per the terms of the contract. Time and cost overruns also arise due to the non-receipt of funds on time.

The fact remains that the Government/clients did not fix timelines and milestones for the projects. As a result, timely delivery could not be ensured by fixing responsibility and accountability on the Company for delays.

Recommendation

Government departments/clients may fix realistic schedules of completion in their administrative orders for projects being executed by the Company, with clearly defined intermediate milestones and provisions for penalties/incentives to avoid delays.

Start of construction work before Technical Sanction

6.12.4 Para 320 (24) of the Company's Working Manual read with Para 318 of the Financial Handbook Vol. VI of GoUP provides that for every work proposed to be carried out by a Government Department (except petty works, petty repairs, and repairs for which a lump sum provision has been sanctioned), a detailed estimate must be prepared for sanction by the competent authority. This sanction is known as the 'Technical Sanction' of the estimate, and it amounts to a guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. The Technical Sanction must be obtained before the work is commenced.

Detailed examination of 57 deposit/cost *plus* centage works valuing ₹ 3,939.08 crore revealed the following:

- Only 23 works (40 *per cent*) valuing ₹ 1,880.73 crore were granted Technical Sanction before the commencement of work.
- In the case of 27 works (47 *per cent*) valuing ₹ 2,016.68 crore, Technical Sanction was granted after one to 86 months of commencement of work.
- In the case of seven works (13 *per cent*) valuing ₹ 41.67 crore, Technical Sanction had not been granted till date (March 2023). Out of the aforesaid seven works, three works valuing ₹ 21.70 crore had already been completed.

Thus, the Company commenced 34 works (60 *per cent*), valuing ₹ 2,058.35 crore (**Appendix 6.2**), without ensuring that the proposals are structurally sound, and the estimates are accurately calculated and based on adequate data.

In reply, the Government and Management stated (July 2024) that the works were started without Technical Sanctions due to pressure from GoUP, and this was allowed under Para 34 of the Company's Working Manual. Technical Sanctions were granted during the execution of works, except in some special cases.

The reply is not acceptable as Para 34 of the Company's Working Manual deals with estimates and cannot override the provisions of GoUP's Financial Handbook on the matter. Further, Para 320 (24) of Chapter XV of the Company's Working Manual reiterates GoUP regulations. Besides, the

Management did not provide any sanction details for cases highlighted in the observation.

Commencement of construction without prior environmental clearance

6.12.5 The Ministry of Environment and Forest (MoEF), Government of India (GOI), notification (September 2006) provides that prior environmental clearance from the State Environment Impact Assessment Authority (SEIAA) shall be required for Category 'B' projects listed in the schedule attached to such notification. Building and construction projects with a built-up area between 20,000 sqm and 1,50,000 sqm fall under Category 'B'.

Audit noticed that the Company commenced construction on 12 works (**Appendix 6.3**), each exceeding 20,000 sqm of built-up area, without obtaining the requisite environmental clearance from the concerned SEIAA. Out of these 12 works, environmental clearance was obtained after a delay ranging from 16 to 35 months in seven cases. The Company incurred an expenditure of ₹ 932.95 crore on these works before obtaining environmental clearance. In the remaining five works, the Company had already incurred an expenditure of ₹ 1,150.66 crore until March 2023 without environmental clearance.

Audit also observed that the construction of 100-bedded ESIC Hospital at Ranchi had to be stalled (November 2022) following a notice from the Ranchi Municipal Corporation for not obtaining prior environmental clearance as per the above notification.

In reply, the Government and Management stated (July 2024) that environmental clearance from SEIAA has been obtained in five cases belatedly, and in seven cases, it is yet to be obtained. Later, the Management furnished (July 2024) environmental clearance for two more cases out of the pending seven cases.

Incorrect estimation due to non-deduction of savings on account of the Company's efficiency

6.12.6 Para 40 of the Company's Working Manual provides that in case of deposit/cost *plus* centage works, five *per cent* is to be deducted from the total cost, as it is expected that the cost of construction by the Company will be five *per cent* cheaper than the Schedule of Rates of PWD/CPWD whose works are being done by contractors. Centage, as decided from time to time, is then added to arrive at the final estimated cost for sanction by the concerned client department.

Audit noticed that in the preliminary estimates prepared for three works¹⁴, the Company did not deduct five *per cent* from the total cost, which resulted in the estimated cost of ₹ 318.72 crore instead of ₹ 302.78 crore. While the final cost to the client is discovered through the tendering process by the Company, this incorrect cost estimation is a misrepresentation to clients about the expected project cost, potentially affecting their budgetary allocations and financial planning. It also questions the Company's commitment to the principle of executing works five *per cent* cheaper than contractors, as without this

¹⁴ Construction of Govt. Medical College, Almora; Construction of Infrastructural Development works for Mini Textile Hub at Munsiyari; and Construction of Government Nursing College, Almora.

deduction, there's no self-imposed target for the Company to achieve cost efficiency, thereby defeating the purpose of assigning works to the Company.

In reply, the Government and Management stated (July 2024) that the five *per cent* deduction was not applied as the client department provided centage at the rate of 6.5 *per cent* only.

The reply is not acceptable as the lower centage fee is unrelated to the five *per cent* deduction that reflects cost efficiency expected from the Company.

Execution of Operations

6.13 The Company executes construction projects either using its own technical staff and workforce under a 'Piece Rated Working' system or on a sub-contract basis. Under the Piece Rated Working System, materials are procured directly by the Company, and Piece Rated Workers (PRWs) are employed to manage and pay labourers based on output. Under a sub-contract, the work is either partly or fully awarded to sub-contractors through a tendering process.

Inadequate time for submission of bids

6.13.1 Para 473 of the Company's Working Manual provides that in case of large contracts, *i.e.*, over ₹ 50 lakh, the bids should be opened at least one month after the date of the first advertisement or notice. Similarly, Para 360 (2) of the Financial Handbook Vol. VI, Company's Office Memorandum dated 9 June 2015, and CVC guidelines also prescribe that the time for submission of bids should be at least one month after the date of the first advertisement.

Audit noticed that in 12 contracts/sub-contracts, each valued over ₹ 50 lakh and aggregating ₹ 968.61 crore, the time allowed for submission of bids ranged from eight to 29 days only, as detailed in **Appendix 6.4**, which violated the above provisions.

In reply, the Government and Management stated (July 2024) that, as per the CPWD Manual, the time limit for publicity of tender for works more than ₹ two crore is 14 days. In some cases, the notice was short due to the urgency of work. In two cases, there were revisions in the published tender, and after considering the initial and revised publication, the time allowed was more than the minimum time allowed.

The reply is not acceptable as the Company was required to adhere to its circulars and Working Manual along with GoUP's Financial Handbook instead of the CPWD Manual. Urgency in tender leads to limitation of competition. Further, revision of the initial publication renders the initial publication and associated timeline null and void.

Irregular subletting of works through the issue of work orders

6.13.2 The Company's Working Manual provides for the execution of projects predominantly through its own technical staff and workforce by procuring machines, equipment, materials, and engaging labour under the 'Piece Rated Working' system.

In case of any specialised work which the Company is not in a position to take up directly, or in case of any other special reasons recorded in writing by the Managing Director, the Managing Director can authorise to take up some works in part or full on sub-contract basis, instead of through Piece Rated Working system and bring it to the notice of the Board of Directors (BoD) in the next Board meeting. In such cases, a proper tendering process will have to be

followed. The Unit In-Charge and the General Manager are authorised to execute contract bonds valuing up to ₹ 40 lakh and above ₹ 40 lakh, respectively, after the tender.

Audit noticed that in five works, the Unit In-charges issued 52 work orders aggregating ₹ 1,047.67 crore (as detailed in **Appendix 6.5**) for complete items of work, including supply of materials, tools, plants, machinery, as well as engagement of labour, indicating subletting/sub-contracting of the works. However, the Managing Director's authorisation and intimation to the BoD were not done in these cases. Besides, instead of inviting open tenders, all 52 work orders were issued by the Unit In-charges after inviting quotations from empanelled contractors. Notably, 49 such work orders ranged from more than ₹ 40 lakh to ₹ 75 crore in value and were required to be issued by the General Manager instead of the Unit In-charge as per the Delegation of Power.

In reply, the Government and Management stated (July 2024) that the works were sublet as delays in the completion of works would lead to heavy penalties. They further stated that constraints such as lack of required staff and machinery, and difficult geographical conditions were the reasons for executing the work in the above-stated manner. During the Exit Conference (August 2024), the Special Secretary, Public Works Department, GoUP, and the Managing Director of the Company agreed to look into the matter.

The reply is not acceptable as the constraints cited do not justify bypassing the Company's established procedures. The Working Manual explicitly requires the Managing Director's authorisation and subsequent intimation to the Board for sub-contracting, which was not obtained. Furthermore, issuing work orders exceeding ₹ 40 lakh without proper authorisation violates the Delegation of Power, undermining transparency and accountability in the procurement process.

Sub-contracting to disqualified agencies

6.13.3 Public Works Department (PWD), Government of Meghalaya (GoM) invited (September 2018) bids for the construction of the New Meghalaya Assembly Building at Shillong at ₹ 105.59 crore. Out of four bidders¹⁵ participating in the tender, one bidder was disqualified for not submitting a hard copy of the technical bid, and two bidders did not fulfil the qualifying criteria of having successfully completed similar works (key Government buildings with dome/significant architectural feature) during the last seven years. The work was awarded (March 2019) to the only qualifying bidder, *i.e.*, the Company, at a cost of ₹ 127.76 crore, with the condition that sub-contracting, excluding design work, shall be limited to 40 *per cent* of the contract value.

Audit noticed that the Company, in violation of the agreement entered into with PWD, GoM, sub-contracted (June-July 2019) works worth ₹ 106.57 crore, *i.e.*, 83 *per cent* of the contract value, to two firms¹⁶ through three work orders. Notably, these two sub-contractors had participated in bids invited by PWD, GoM, where one was disqualified for not submitting a hard copy of the technical bid, and the other did not fulfil the qualifying criteria of having successfully completed similar works (key Government buildings with dome/significant architectural feature) during the last seven years.

¹⁵ Shree Gautam Construction Co. Ltd, Badri Rai and Co., UPRNNL, and Shiva Enterprise.

¹⁶ Badri Rai and Co. (Two work orders worth ₹ 85.03 crore) and Shiva Enterprise (One work order worth ₹ 21.54 crore).

In reply, the Government and Management stated (July 2024) that the sub-contractor qualified at a later stage, as the conditions framed for qualification by the Company were different from those framed by PWD, GoM. Further, the Company is not in violation of agreement terms with the client, as no single contractor has been awarded work exceeding 40 per cent.

The reply highlights that a contractor not technically qualified as per the criterion set by PWD, GoM, could easily fulfil the technical criterion set by the Company. Further, as per Clause 39.1 of the bidding document, sub-contracting (excluding design work) was to be limited to 40 per cent of the contract value. This means that the limit of 40 per cent applies to the overall sub-contracting under the contract and not sub-contractor-wise; otherwise, it would allow the entire work to be sub-contracted. In fact, one of the two sub-contractors was awarded two work orders aggregating ₹ 85.03 crore, constituting 66.55 per cent of the contract value.

Irregular release of advances

6.13.4 Para 553 of the Company's Working Manual provides for the release of advances up to 75 per cent of the current value of the material brought to the site to sub-contractors after securing a lien on the materials through a formal agreement. Further, Para 558 of the Working Manual allows advances to sub-contractors in urgent cases for work done, but not measured and billed after quantification of work done and its certification from the Company's engineer. In August 2020, the BoD deleted the abovementioned provision regarding the release of advances against work done but not measured.

Audit noticed the following deficiencies in the release of advances:

- The Company, in three works, released (June 2016 to May 2019) advances amounting to ₹ 20.40 crore to three sub-contractors against the request of the sub-contractors for providing financial assistance for supplies without obtaining any bank guarantee/security (as detailed in **Appendix 6.6**) despite there being no provision in the Company's Working Manual for the release of such advances.

During the Exit Conference (August 2024), the Government and Management accepted the audit observation and assured suitable action.

- The Company, in four works, released (March 2015 to August 2021) advances amounting to ₹ 18.47 crore to six sub-contractors against materials supplied (as detailed in **Appendix 6.7**) without entering into a formal agreement to secure a lien on the materials.

In their reply, the Government and Management stated that advances were given after valuation of the materials supplied on the recommendation of the concerned engineers.

The reply is not acceptable as the Company was required to enter into a formal agreement to secure a lien on the materials against which advances were released, which was not done by it.

- The Company in 15 works, released (April 2015 to October 2023) advances amounting to ₹ 245.71 crore to 14 sub-contractors against work done but not measured, without quantification of work done and certification from the Company's engineer (as detailed in **Appendix 6.8**). Out of these, in five works, the Company irregularly released (September 2020 to October 2023) advances

amounting to ₹ 150.65 crore to five sub-contractors, even though the provision regarding the release of advances against work done but not measured was deleted by the BoD in August 2020.

Notably, in one work¹⁷, advances aggregating ₹ 5.90 crore were released (April-August 2015) to the sub-contractor¹⁸ against the fourth running bill amounting to ₹ 2.78 crore only. Further, in another work¹⁹ against contract valuing ₹ 81.86 crore and work done valuing ₹ 33.38 crore only, the Company released (December 2022 to October 2023) advances aggregating ₹ 89.89 crore to the sub-contractor²⁰. The release of advances in excess of the actual work executed raises serious concerns about adherence to contractual and financial discipline.

During the Exit Conference (August 2024), the Government and Management accepted the audit observation and assured suitable action.

Short recovery of interest on mobilisation advance

6.13.5 As per the terms and conditions of the agreements executed with the sub-contractors, interest-bearing mobilisation advances were payable to the contractors.

Audit noticed that there was a short recovery of interest amounting to ₹ 4.97 crore on such interest-bearing mobilisation advances aggregating ₹ 30.75 crore released by the Company to sub-contractors for three works²¹.

During the Exit Conference (August 2024), the Government and Management accepted the audit observation with instructions to its officials for the recovery of interest.

Short deduction of security deposit

6.13.6 As per the tender guidelines issued (June 2015) by the Company, successful bidders were required to provide performance security at the rate of five *per cent* of the contract value. Further, a security deposit at the rate of five *per cent* of the gross amount was to be deducted from each running bill of the successful bidder.

Similarly, as per Clause 32.1, read with Clause 43.1 of the model bidding document²² of UPPWD, the contractor was required to provide performance security equal to five *per cent* of the contract price, and in addition, the employer was required to retain security deposit of five *per cent* of the amount from each payment due to the contractor until completion of the whole of the construction work.

Audit noticed that in one work²³, the Company did not include the condition regarding deduction of security deposit in the tender conditions/agreement, resulting in short deduction of security deposit by ₹ 6.56 crore. Further, in

¹⁷ Construction of Government Engineering College, Sonbhadra.

¹⁸ Comt Construction Pvt. Ltd.

¹⁹ Construction of Shri Ram Janki Medical College, Samastipur.

²⁰ Maa Vaishno Infracontract.

²¹ Construction of Government Engineering College, Sonbhadra; Construction of Government Medical College, Almora; and Construction of 500 bedded Super Speciality Block Campus at U.P. Ayurvigyan University, Saifai, Etawah.

²² Effective from 5 January 2007.

²³ Construction of ESIC Medical College, Rajajinagar, Bangalore awarded to Kanakdhara Ventures Pvt. Ltd.

three²⁴ works, the security deposit was short deducted by ₹ 75.91 lakh despite contractual conditions to deduct the security deposit.

In reply, the Government and Management stated (July 2024) that in the case of ESIC Medical College, Rajajinagar, Bangalore, a performance bank guarantee against security deposit was submitted by the contractor, and hence, the deduction of security deposit was not applicable. It was further stated that in the case of Boys Hostel, Pondicherry, and Girls Hostel, Pondicherry, security deposit of ₹ 1.29 crore has been deducted. In the case of toilet works, the mistake was acknowledged, and it was assured that special care would be taken to avoid such mistakes in the future.

The reply is not acceptable as the requirement for retention of the security deposit is in addition to the performance bank guarantee. Notably, the contractor for ESIC Medical College, Rajajinagar, Bangalore, left the work after partial completion. The recovery of security deposit in the case of Boys Hostel, Pondicherry, and Girls Hostel, Pondicherry, was done only after being pointed out by audit.

Short deduction of Workers' Welfare Cess

6.13.7 The Government of India (GoI) enacted the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act), to provide for the levy and collection of a cess on the cost of construction incurred by employers. As per Rule 4(3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998 (Cess Rules), in cases where the levy of cess pertains to building and other construction works of a Government or a Public Sector Undertaking (PSU), such Government or PSU is required to deduct or cause deduction of cess at the notified rates from the bills paid for such works.

Audit observed that in the case of two works executed by the Company, the Workers' Welfare Cess was to be borne by the contractors. Consequently, the Company was required to deduct the cess at the rate of one *per cent*²⁵ from the contractors' bills. However, the Company did not deduct Workers' Welfare Cess amounting to ₹ 2.03 crore from the bills of the contractors, as detailed in **Table 6.7**.

Table 6.7: Details of non-deduction of Workers' Welfare Cess

(₹ in lakh)						
Sl. No.	Name of the work	Name of the Contractor	Value of work done	Welfare Cess to be deducted	Welfare Cess deducted	Welfare Cess short deducted
1.	Construction of New District Jail, Etawah	Comt Construction Pvt. Ltd.	20,235.17	202.35	--	202.35
2.	Supply and laying of alternative demand for electric supply at S.N. Medical College, Agra	Bee Pee Electricals	45.72	0.46	--	0.46
Total				202.81	--	202.81

Source: Records/ information furnished by the Company

In reply, the Government and Management stated (July 2024) that in the case of District Jail at Etawah, no recovery was done as there was no such condition

²⁴ Construction of Boys Hostel, Pondicherry; Construction of Girls Hostel, Pondicherry; and Construction of a 10-seated public toilet in External Court, Duddhi, Sonbhadra.

²⁵ Notification dated 26 September 1996

for recovery in the contract. Further, in the case of Medical College, Agra an amount of ₹ two lakh has been withheld.

The reply is not acceptable, as in the case of New District Jail at Etawah, there was a clear provision in the agreement entered into with the contractor, which provided that all taxes and liabilities levied by the Labour Department shall be borne by the contractor. Further, in the case of S.N. Medical College, Agra, the amount of Workers' Welfare Cess was not deducted and deposited by the Company as of July 2024.

Payment for Project Management Consultancy/Third Party Quality Inspection not recovered

6.13.8 The Company entered (March 2020) into an agreement with Maa Vaishno Infracontract for the construction of Sri Ram Janki Medical College and Hospital at Samastipur. Work orders aggregating ₹ 442.86 crore were issued to the contractor. The terms and conditions of the agreement provided that payment on account of Project Management Consultancy/Third Party Quality Inspection made by the Company, subject to a maximum limit of 1.5 per cent of the contract value, shall be recovered from the contractor.

Audit noticed that the Company appointed (July 2020) Amulya Traders and Engineers Pvt. Ltd. as Project Management Consultant at an amount of ₹ 2.34 crore (excluding Goods and Services Tax). The Company had paid an amount of ₹ 2.81 crore to Amulya Traders and Engineers Pvt. Ltd., but had not recovered the said amount from Maa Vaishno Infracontract. Thus, the Company made an excess payment of ₹ 2.81 crore to the contractor and extended undue favour to it to that extent.

In reply, the Government and Management stated (July 2024) that the payment made to the Project Management Consultant was not recoverable from the contractor.

The reply is not acceptable because, as per the terms and conditions of the agreement, the payment made to the project management consultant was to be recovered from the contractor.

Excess payment to contractor

6.13.9 GoUP accorded (November 2013) administrative approval for the construction of Government Engineering College at Sonbhadra at a cost of ₹ 49.43 crore. The sanctioned cost was subsequently revised to ₹ 51.69 crore in March 2015 and to ₹ 104.24 crore in December 2016. Works having estimated cost of ₹ 35.77 crore were awarded (May 2014) to Comt Construction Pvt. Ltd. at ₹ 35.77 crore. After the revision of the estimated cost by GoUP, extra items/variations valuing ₹ 40.74 crore (extra items ₹ 35.75 crore and variations ₹ 4.99 crore) were also awarded (November 2017) to Comt Construction Pvt. Ltd.

Audit noticed the following instances of extra expenditure/excess payment in the aforesaid work:

- The extra items awarded to the contractor *inter alia* included the work of excavation (hard rock without blasting) by mechanical/manual means in foundation, trenches or drains. This item was awarded at the rate of ₹ 1,002.25 per cum, derived by allowing a five per cent rebate on the analysed rate of ₹ 1,055 per cum.

Audit noticed that the aforesaid item was based on item no. 2.9.3 of Delhi Schedule of Rates (DSR) 2014, for which the prescribed rate was ₹ 620.55 per cum. Thus, the analysed rate of ₹ 1,055 per cum was significantly higher than the DSR rate. In order to arrive at the inflated analysed rate of ₹ 1,055 per cum, the Company included costs related to 'hydraulic breaker (poke lane) with driver and fuel' in the rate analysis. However, as per the specifications of DSR item 2.9.3, such an item was not required for the awarded work.

Thus, by awarding the aforesaid work at an inflated rate of ₹ 1,002.25 per cum (after a five *per cent* rebate on the analysed rate), instead of the prescribed DSR 2014 rate of ₹ 620.55 per cum, the Company incurred an excess expenditure of ₹ 89.21 lakh on this extra item.

In reply, the Government and Management stated (July 2024) that the agreement was formed at ₹ 620.55 per cum for DSR Item No. 2.9.3 of the work, but due to disagreement with the contractor, the work was executed only by revising the rate to ₹ 1,002.25 per cum on the basis of market rates. This variation was approved by the competent authority, and the work was executed within the sanctioned cost.

The reply is not acceptable, as the awarded work corresponded to DSR Item No. 2.9.3. However, while analysing the rate for this extra item, the Company included the cost of a 'hydraulic breaker (poke lane) with driver and fuel,' which was not required as per the specifications of DSR Item No. 2.9.3. Inclusion of this invalid item resulted in an inflated analysed rate of ₹ 1,055 per cum and, after applying the five *per cent* rebate, an effective rate of ₹ 1,002.25 per cum, leading to excess expenditure of ₹ 89.21 lakh. Therefore, the excess expenditure is attributable to the inclusion of an invalid cost element and cannot be justified by any disagreement with the contractor.

- The work initially awarded to the contractor *inter alia* included the work of reinforced cement concrete work of M-25 grade in raft foundation and footings, columns, heavier beams, and slab being item number 3.1, 3.2, 3.3 and 3.4 of the BoQ respectively. These items were based on corresponding items of the UPPWD SOR (Item nos. 287, 288b, 286 and 288), wherein the rates were inclusive of the cost of centering and shuttering.

Audit noticed that the extra items awarded to the contractor *inter alia* included reinforced cement concrete work of M-25 grade in beam, which was based on UPPWD SOR item no. 288b. Even though the aforesaid extra item included the cost of centering and shuttering, it was incorrectly mentioned that it excluded the cost of centering and shuttering. Further, the extra items separately included the work of centering and shuttering in foundation, footing and bases of columns; suspended floors, roofs, landings, balconies and access platform; lintels, beams, plinth beams, girders, bressummers²⁶ and cantilevers; and columns, pillars, piers, abutments, posts and struts.

Since the cost of centering and shuttering was already subsumed in the rates for reinforced cement concrete items, inclusion of these items as extra items and making payment there against was irregular and resulted in excess payment of ₹ 1.83 crore to the contractor.

²⁶ A bressummer is a large beam that supports the weight of walls and floors above it in a timber-framed building.

In reply, the Government and Management stated (July 2024) that additional amount was paid towards centering and shuttering in the items mentioned in the estimate, which was based on DSR 2014, as the same was not included in the items of reinforced cement concrete.

The reply is not acceptable as the rates were based on UPPWD SoR and were inclusive of the cost of centering and shuttering.

Materials/ Services not procured through the GeM portal

6.13.10 The Company directed (October 2018) its Units to procure materials/ services from the Government e-Marketplace (GeM) portal.

Audit noticed that six Units of the Company procured (October 2018 to December 2022) materials/services valuing ₹ 1.55 crore locally by issuing supply/work orders for goods and services instead of procuring the same from the GeM portal, as detailed in **Table 6.8**.

Table 6.8: Details showing materials/services not procured through the GeM portal

(₹ in lakh)				
Sl. No.	Name of the Unit	Name of the work	Materials/services procured	Amount
1.	Meerut Unit, Meerut	Construction of 14 Courtrooms, Meerut	Furniture	79.01
2.	Electrical Unit, Meerut	Construction of 14 Courtrooms, Meerut	Air Conditioners and accessories	9.37
3.	Unit-21A, Lucknow	Construction of Sainik School, Amethi	Furniture	38.42
4.	Electrical Unit-2, Lucknow	Construction of Rajkiya Allopathic College, Bahraich	Manpower and electrical fans	12.48
5.	Haldwani Unit, Haldwani	Construction of Medical College, Almora	Manpower	2.15
		Construction of Nursing College, Almora	Manpower	2.24
		Construction of Government Degree College, Jaspur	Manpower	2.12
6.	MKRSS Electrical Unit, Lucknow	Construction of Ram Manohar Lohia Institute of Medical Sciences, Lucknow	Manpower	1.73
		CCTV work at District Court, Lucknow	Manpower	7.21
Total				154.73

Source: Work/ Supply orders issued by the Company

In reply, the Government and Management justified (July 2024) the above procurement on grounds such as the urgency of work, DSR 2018 rates used, work started before the Company's directions, and GeM procurement done during 2021-22 to 2023-24. During the Exit Conference (August 2024), the Government and Management assured to look into the matter.

The reply is not acceptable as the materials/services cited do not exhibit characteristics of urgent requirements. Moreover, the use of DSR 2018 rates does not exempt the Company from routing purchases through the GeM portal, and the audit finding pertains to the period after the Company's directive was issued.

Unauthorised execution of additional work

6.13.11 New Okhla Industrial Development Authority (NOIDA) awarded (July 2013) the work of construction of multi-level car parking facilities at Sector-16A, Noida, to the Company. The initial sanctioned cost of the project

was ₹ 76.14 crore (November 2013), which was subsequently revised (June 2018) to ₹ 101.86 crore. The terms and conditions of the Memorandum of Understanding (MoU) entered into with NOIDA provided that if, during execution of work, extra items/substitute items are required for completion of work, the same shall be approved by NOIDA within 30 days of submission by the Company.

Audit noticed that during the execution of the work, a requirement for dewatering was felt, which was not provided for in the sanctioned estimate. NOIDA directed (September 2015) the Company to go ahead with the dewatering work and instructed 'to furnish complete details of the probable cost by estimating the actual cost before starting the work'. The Company forwarded (October 2015) the rate analysis (₹ 51.64 per horsepower per hour) for the aforesaid item of dewatering to NOIDA and started the work of dewatering from 1 December 2015 in anticipation of approval. The Company executed (December 2015 to February 2019) dewatering work valuing ₹ 12.86 crore without obtaining formal written approval from NOIDA regarding the estimated quantum of work to be executed in terms of quantity/duration and amount. Consequently, when the Company claimed (March 2019) the aforesaid amount of ₹ 12.86 crore from NOIDA, it contested (June 2019) the justifiability of the demand and stated that the maximum amount on account of dewatering would work out to ₹ 4.24 crore only. No payment had been released by NOIDA against the aforesaid extra item till July 2024.

In reply, the Government and Management stated (July 2024) that the dewatering work was carried out by the Company as per the requirement suggested by the consultant of the work. Progress of this work was well informed to NOIDA, and the engineers of NOIDA also inspected the site from time to time to monitor the process jointly. The work was stopped (January 2019) on the directions of NOIDA. During vetting of the bills of the Company, the consultant accepted the fact of carrying out dewatering work by the Company on the directions of NOIDA and recommended reimbursing actual expenditure up to two floors. They further stated that the Managing Director of the Company has requested the Chief Executive Officer, NOIDA, to release the expenditure incurred by the Company on the dewatering work.

The reply is not acceptable as the Company executed the extra work of dewatering, which was not accepted by NOIDA, resulting in the non-release of the Company's claim of ₹ 12.86 crore to date (July 2024).

Execution of additional work without prior approval

6.13.12 GoUP accorded (September 2015) administrative approval for construction of Dr. Ram Manohar Lohia State Administration and Management Academy at Lucknow at a cost of ₹ 388.57 crore. The Expenditure Finance Committee (EFC), while evaluating (August 2015) the project, directed that any notable changes in the project, such as the addition of new works, increase in the size/area of works, the use of higher specifications, *etc.*, would not be executed without its prior approval. Furthermore, Para 316 (2) of the Financial Handbook Vol. VI provides that when expenditure on a work exceeds, or is likely to exceed the amount administratively approved for it by more than 10 *per cent*, or where there are material deviations from the original proposals, even though the cost of the same may possibly be covered by savings on other items, revised administrative approval must be obtained from the authority competent to approve the cost, as so enhanced.

Audit noticed that during execution of the work, the Company increased the quantity of existing work items²⁷ and included new work items²⁸, viz., piling work, RCC work, brickwork, wall panelling, laying concrete underwater, glass work, etc., without informing the administrative department about the same as per the above rules and directions. EFC, while approving (August 2020) the revised cost of the project at ₹ 474.42 crore, noted that the Company had submitted the revised estimate after a three-year delay, and had executed the tender and started work on increased quantities without obtaining approval on the revised project. Consequently, EFC denied centage²⁹ amounting to ₹ 9.42 crore to the Company on the increased project cost.

In reply, the Government and Management stated (July 2024) that the consultant did not provide maps and estimations related to variations in work in a timely manner. The consultant has been blacklisted, and an investigation against the officers of the Company is underway. During the Exit Conference (August 2024), the Government and Management agreed that the Company should secure its interests.

Recommendation

The Company may execute additional works only after obtaining prior written approval from the client.

Deficiencies in consultancy services

6.13.13 The Company appointed (February 2015) a Construction Supervision and Quality Control (CSQC) consultant³⁰ under an agreement, for a fee of 0.50 per cent of the project cost or ₹ 1.53 crore, whichever was less, for the construction of Vidhan Sabha Sachivalaya Vistar at Darulsafa Compound, Lucknow. The Company paid ₹ 1.38 crore to the consultant till September 2018.

As per the terms and conditions of the agreement, the consultant was required to take measurements and prepare, check, and certify the bills of the contractors. Further, the consultant was required to submit his periodical bill in triplicate along with attendance (as verified by the authorised official of the Company).

Audit noticed that the bills of the contractors were not signed by the consultant. Further, the bills of the consultant were not attached with verified attendance of manpower deployed by it for the supervision and quality control work.

In reply, the Government and Management stated (July 2024) that the works of Project Management Consultancy were done by the consultant, and payments against the same were made by the Company after verification by the concerned engineer.

The reply is not verifiable as the Company could not provide the required supporting documents.

²⁷ Resulting in increase of the estimated cost of work (excluding items on which centage was not admissible) by about 23 per cent i.e., from ₹ 315.79 crore to ₹ 387.62 crore.

²⁸ Valuing ₹ 9.87 crore (excluding items on which centage was not admissible).

²⁹ Centage is levied by the Company on the prime cost of the work to meet its overheads.

³⁰ Tecton Projects Services Private Limited.

Submission of incorrect Utilisation Certificates to clients

6.13.14 As per prevalent practice, the field units of the Company submit Utilisation Certificates (UCs) to the client departments periodically, certifying the utilisation of funds released by the clients for specific projects/works.

Audit noticed that in five works, the field units submitted UCs certifying utilisation of funds received from the client departments in excess of actual expenditure incurred by the Company as detailed in **Table 6.9**.

Table 6.9: Details of submission of incorrect Utilisation Certificates to clients

(₹ in crore)				
Sl. No.	Name of the work	Date of submission of UC	Amount utilised as per UC	Expenditure incurred as per Monthly Progress Report
1.	Construction of PWD Guest House, Etawah	27-08-2020	5.00	4.16
2.	Construction of Medical College, Almora	25-02-2023	311.35	279.51
3.	Construction of Infrastructural Development works for Mini Textile Hub at Munsiyari	03-08-2017	2.37	1.93
4.	Construction of a 10-seated Public Toilet in External Court Duddhi, Sonbhadra	17-02-2023	0.24	0.18
5.	Construction of Rajkiya Engineering College, Sonbhadra	05-11-2022	96.76	89.47
Total			415.72	375.25

Source: Utilisation Certificates submitted by the Company and Monthly Progress Reports

Submission of incorrect UCs misled the client departments regarding the financial progress of the works.

During the Exit Conference (August 2024), the Management stated that field units submitted UCs for the procurement of funds. The Government instructed the Management to ensure the submission of UCs to client departments as per the actual utilisation of the funds.

Internal Controls and Monitoring

6.14 Internal controls consist of specific policies and procedures designed to provide the Management with reasonable assurance that the goals and objectives it believes important to the entity will be met. ‘Internal Control System’ means all the policies and procedures (internal controls) adopted by the Management of an entity to assist in achieving the Management’s objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, safeguarding of assets, prevention and detection of fraud and error, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

Delay in finalisation of financial statements

6.14.1 Section 129 (2) of the Companies Act, 2013 provides that the Board of Directors must present the Company's financial statements for the financial year at every Annual General Meeting (AGM). Further, Section 96 (1) mandates that every company, except a one-person company, must hold an AGM each year (except in the first year) within six months after the financial year ends.

Audit noticed that the financial statements of the Company for seven years (2016-17 to 2022-23) had not yet been presented in the Annual General Meeting. Delay in finalisation of accounts is not only a violation of the provisions of the Companies Act, 2013, but also makes it difficult to detect any error or fraud and take corrective action in a timely manner.

During the Exit Conference, the Management informed (August 2024) that the audit of financial statements was in progress. The Government accepted the audit observation and instructed the Management to finalise the financial statements promptly.

Recommendation

The Company may devise a time-bound plan to clear the backlog of seven years' financial statements (2016-17 to 2022-23). Further, the Company may establish a financial reporting mechanism to oversee the timely preparation of accounts, audit, and adoption of annual financial statements.

Annual Report not laid before the Houses of Legislature

6.14.2 Section 394 of the Companies Act, 2013 provides that an annual report on the working and affairs of a Government Company is to be prepared within three months of its annual general meeting and as soon as may be after such preparation, the annual report must be laid before the house(s) of Legislature, together with a copy of the audit report and comments upon or supplement to the audit report, made by the CAG.

Audit noticed that annual reports for the years 2000-01 to 2014-15 were not laid before the house(s) of the State Legislature. The Hindi version of the reports for the period 2000-01 to 2010-11 was forwarded to UPPWD only in June 2022. The Company was yet to forward the annual reports for the years 2011-12 to 2014-15 to the State Government for the purpose of laying the same before the State Legislature.

In reply, the Government and Management stated (July 2024) that the Company had requested (June 2024) UPPWD for laying of annual reports for the years 2000-01 to 2014-15 in the State Legislature.

Non-reconciliation of inter-unit transactions

6.14.3 Audit noticed that as per the unaudited financial statements of the Company for the year 2022-23, there was a significant debit balance of ₹ 316.87 crore on account of inter-unit transactions as on 31 March 2023, indicating lack of proper reconciliation of inter-unit transactions during the consolidation process.

In reply, the Government and Management stated (July 2024) that the Company has instructed all Zonal General Managers to reconcile inter-unit transactions as soon as possible.

Recommendation

The Company may prioritise investigating and resolving the ₹ 316.87 crore net debit balance through comprehensive reconciliation procedures.

Certificates for UPVAT deducted at source not obtained

6.14.4 Section 34 (1) of the Uttar Pradesh Value Added Tax (UPVAT) Act, 2008 provides that every specified person responsible for making payment to the selling dealer shall, at the time of making such payment to the seller, deduct an amount determined in the manner specified. Section 34 (7) of the UPVAT Act adds that the person making deductions under sub-section (1) shall, at the time of payment or discharge, furnish to the selling dealer a certificate of amount deducted in such form and manner and within such period as may be prescribed.

Section 24 (1) of the UPVAT Act provides that every taxable dealer, including a dealer from whom any amount of tax has been deducted at source, shall, for such tax period and within such time, as may be prescribed, submit a tax return of his self-assessed turnover and tax, in such form and verified in such manner as may be prescribed.

Audit noticed that the clients of the Company, while releasing funds/payments to it, deducted UPVAT at source amounting to ₹ 224.69 crore. The Company, however, could obtain certificates for UPVAT deducted at source amounting to ₹ 47.86 crore only to date (July 2023). Thus, an amount of ₹ 176.83 crore deducted by its clients remained unclaimed from the Commercial Tax Department.

In reply, the Government and Management stated (July 2024) that instructions have been issued to Zonal General Managers/Units to collect the certificates from the clients and deposit them with the Commercial Tax Department. Meanwhile, ₹ 33.23 crore has been received/ordered by the Commercial Tax department, and claims for ₹ 47.86 crore have been submitted to the Commercial Tax Department.

The Company was yet to obtain certificates for ₹ 143.60 crore³¹ deducted by clients as UPVAT at source (July 2024).

Independent directors not appointed to the Board

6.14.5 Section 149 (4) of the Companies Act, 2013, read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, mandates that public companies having a turnover of one hundred crore rupees or more shall have at least two directors as independent directors.

Audit noticed that the Company, despite having a turnover exceeding ₹ 100 crore, did not have any independent director on its Board of Directors during the period 2018-19 to 2022-23. Failure to appoint Independent Directors not only constitutes non-compliance with the above statutory requirements but also dilutes the checks and balances vital for sound corporate governance.

In reply, the Government and Management stated (July 2024) that proceedings for the appointment of independent directors are being ensured.

Statutory Board Committees not constituted

6.14.6 Sections 177 and 178 of the Companies Act, 2013, read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, mandate that public companies having a turnover of one hundred crore rupees or more

³¹ ₹ 224.69 crore – (₹ 33.23 crore + ₹ 47.86 crore)

shall constitute an ‘Audit Committee’ and a ‘Nomination and Remuneration Committee’ of the Board.

Audit noticed that the Company, despite having a turnover exceeding ₹ 100 crore, did not constitute an ‘Audit Committee’ and ‘Nomination and Remuneration Committee’.

In reply, the Government and Management stated (July 2024) that legal advice on the matter would be taken, and thereafter, the Nomination and Remuneration Committee would be constituted.

Regular Board meetings not conducted

6.14.7 Section 173 (1) of the Companies Act, 2013 mandates that a minimum of four meetings of the Board of Directors (BoD) need to be held every year, with a maximum permissible gap of 120 days between two consecutive BoD meetings.

Audit noticed that the Company did not comply with the above statutory requirement for holding BoD meetings during the period 2018-19 to 2022-2023, as summarised in **Table 6.10**.

Table 6.10: Details of BoD Meetings held during the period 2018-19 to 2022-23

Financial Year	BoD Meeting No.	Date of BoD Meeting	Gap between BoD Meetings (in days)
2018-19	186	08-12-2018	270 ³²
2019-20	187	31-12-2019	388
2020-21	188	12-06-2020	164
	189	31-08-2020	80
	190	24-02-2021	177
2021-22	191	23-06-2021	119
	192	27-10-2021	126
2022-23	193	27-09-2022	335

Source: Minutes of BoD meetings

From **Table 6.10**, it is evident that the Company not only failed to conduct the stipulated minimum of four BoD meetings in each financial year but also allowed gaps exceeding the permissible 120-day limit between two consecutive meetings.

In reply, the Government and Management stated (July 2024) that regular BoD meetings could not be conducted during the stated period due to COVID-19 and the unavailability of directors. In the future, efforts will be made to conduct regular board meetings as per the provisions of the Companies Act, 2013.

The reply is not acceptable as the Company did not adhere to the statutory requirements in respect of BoD meetings even during 2018-19 and 2022-23 when there were no COVID-19 associated restrictions. In fact, comparatively more meetings were held during the COVID-19 period.

Deficiencies in Corporate Social Responsibility

6.14.8 Section 135 (1) of the Companies Act, 2013 states that every company having a net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more, or a net profit of ₹ five crore or more, during any financial year, shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of

³² 185th Board Meeting was held on 13-03-2018.

three or more directors, of which at least one director shall be an independent director.

Further, Section 135 (5) provides that the Board of every company referred to in Section 135 (1) shall ensure that the Company spends in every financial year at least two *per cent* of the average net profits of the Company made during the three immediately preceding financial years in pursuance of its CSR policy. Any unspent CSR funds remaining at the end of a financial year should be transferred in any of the following ways³³:

- Any unspent amount from an ongoing project should be transferred within 30 days of the end of the financial year to the specifically designated 'Unspent Corporate Social Responsibility Account' to be opened by the Company in any scheduled bank. These amounts should be spent within the next three financial years, in accordance with the Company's CSR policy. If these amounts remain unspent even after the three-year period, then this should be transferred, within 30 days of the end of the third financial year, to any fund specified in Schedule VII of the Act.
- If the funds do not relate to any ongoing CSR project, then such unspent amount shall be transferred, within six months of the end of the financial year, to any fund specified in Schedule VII of the Act.

Audit noticed that a CSR Committee comprising five directors, but without an independent director, was constituted (September 2014) by the BoD in its 170th meeting. It is pertinent to mention that the Company did not have any independent director on its Board during the period 2018-19 to 2022-23.

Audit further noticed that the Company was required to spend an amount of ₹ 13.78 crore on CSR activities during the period 2018-19 to 2022-23. The Company, however, did not allocate/spend any amount on CSR activities against such amount. Besides, it also did not transfer the unspent amount of ₹ 4.72 crore pertaining to the period of 2020-21 to 2022-23 to any fund specified in Schedule-VII of the Companies Act, 2013.

In reply, the Government and Management stated (July 2024) that the appointment of independent directors in the CSR committee will be done after the appointment of independent directors as per the Companies (Appointment and Qualification of the Director) Rules, 2014. The Company has spent ₹ 1.99 crore during 2021-22 to 2022-23 and deposited the unspent fund in a nationalised bank.

The reply is not acceptable as the amount spent on CSR activities and unspent funds transferred to the Unspent Corporate Social Responsibility Account pertains to the period up to 2013-14.

Material consumption statements not prepared

6.14.9 Para 159 of the Company's Working Manual requires that material consumption statements for all works be prepared at the end of every financial year and at the close of the work.

Audit noticed that in six works, as detailed in **Appendix 6.9**, that were executed directly by the Company, *i.e.*, by procuring material and engaging labour through PRW, the Company did not prepare material consumption statements.

³³ Provisions regarding transfer of unspent CSR funds were effective from 22 January 2021.

In reply, the Government and Management stated (July 2024) that preparation of material consumption statements in respect of five works will be completed and submitted soon. No reply was given in respect of the remaining one work³⁴.

Execution of stalled works from the Company’s fund

6.14.10 As discussed in **Paragraph 6.11.3**, in the case of deposit works, the expenditure should be restricted to the amount deposited by the concerned department of GoUP. Further, as discussed in **Paragraph 6.13.4**, the Company released unsecured advances to sub-contractors/suppliers/ PRWs without any collateral or security.

Audit noticed that 137 deposit works valuing ₹ 573.07 crore were hindered due to financial irregularities, such as incurring expenditure in excess of the amount received, release of unsecured advances to suppliers/ PRWs, etc. The BoD of the Company, in its 190th meeting (February 2021), decided to complete such hindered works by incurring expenditure of ₹ 165.72 crore from its own resources.

In reply, the Government and Management stated (July 2024) that the Special Investigation Team, GoUP is investigating this issue, and action is being taken against the guilty officials.

Payments without actual execution of work

6.14.11 Para 528 of the Company’s Working Manual provides that when the measurements are recorded by a Sub-Engineer, at least 15 *per cent* of the entries must be checked by the Resident Engineer/ Assistant Resident Engineer and at least two *per cent* of the entries by the Unit In-charge. Entries checked should be ticked in ink by the checking officer, and a certificate of checking should be recorded in the margin where such measurements are recorded.

Further, Para 532 (B) of the Company’s Working Manual provides that the Sub-Engineer/Assistant Resident Engineer shall prepare the Bill from the Measurement Book concerned and will give the bill and the Measurement Book to the Accountant of the Unit. The Accountant will fill in/check the rates in the rates column of the bill, from the Work Order or the Contract Bond concerned and check the calculations.

During physical verification of the sites of seven works, the Company discovered that excess payments of ₹ 31.72 crore were made without actual work done, as detailed in **Table 6.11**.

Table 6.11: Details of payments to contractors without actual execution of work

(₹ in crore)				
Sl. No.	Name of the work	Payments made	Cost of actual work done	Excess payments
1.	Shifting and dismantling of 11 kV/33kV line and underground 11kV line at Integrated Industrial Establishment, Pant Nagar	6.90	1.07	5.83
2.	Construction of Administrative and Teaching block in State Nursing College and Nursing School, Dehradun	5.52	1.60	3.92
3.	Construction of Hostel block in State Nursing College and Nursing School, Dehradun	8.90	2.60	6.30

³⁴ Medical Gas Plant and Pipeline at different departments of KGMU, Lucknow.

Sl. No.	Name of the work	Payments made	Cost of actual work done	Excess payments
4.	Construction of OPD block at Doon Medical College, Dehradun	9.93	--	9.93
5.	Construction of Primary Health Centre Bhagwanpur, Chandanpur Block Norsan, Haridwar	1.26	0.61	0.65
6.	Construction of OT and Emergency block and renovation and upgradation of existing hospital at Doon Medical College, Dehradun	4.35	Nil	4.35
7.	Re-construction of approach road from behind Omaxe to NH-74 in Integrated Industrial Place, Pant Nagar	4.12	3.38	0.74
Total				31.72

Source: Records/ information furnished by the Company

The aforesaid instances indicate that the internal controls documented in the Company's Working Manual regarding measurements and preparation of bills were either not followed or were not implemented effectively. Besides, the possibility that the established internal controls were intentionally overridden or circumvented by collusion or fraudulent activities also cannot be ruled out.

Further, the significant discrepancies between payments and work done suggest a complete absence of site inspections and reconciliation of physical progress with financial outlays by supervisory officers. The scale of such overpayments across multiple projects indicates a systemic failure in the Company's project monitoring framework to flag and investigate unusual payment patterns.

Although the Company has initiated disciplinary action³⁵ against the concerned officials, the Company has not lodged First Information Reports (FIRs) against the concerned officials in any case to date (November 2023).

In reply, the Government and Management stated (July 2024) that the notices have been issued to the concerned officials, and proceedings are in progress.

The fact remains that an excess payment of ₹ 31.72 crore was made due to ineffective implementation or non-adherence to internal controls documented in the Company's Working Manual regarding measurements and preparation of bills.

Conclusion

The performance audit revealed systemic weaknesses across financial management, operational planning, execution of works, and internal controls. The Company lacked financial discipline, as activities were executed without budgets, expenditure exceeded available funds, unspent balances were not refunded to client departments, and interest earned on Government funds was not deposited into the Treasury. Further, interest on mobilisation advances was wrongly treated as income.

The Company had operational inefficiencies marked by the loss of high-value tendered works due to poor documentation and blacklisting, commencement of projects without mandatory approvals, and absence of prescribed timelines and milestones, which weakened accountability. The

³⁵ In two cases, the disciplinary proceedings have been finalised, and recovery orders have been issued by the Company against the concerned officials.

failure to apply the prescribed five *per cent* deduction from cost estimates further reflected lapses in planning.

Tendering and execution practices were deficient, undermining transparency and fair competition. Audit noted irregular subletting of works, release of unsecured advances, short recovery interest on mobilisation advances, non-recovery of statutory dues, unauthorised execution of additional works, and non-procurement of materials through the Government e-Marketplace portal.

The Company demonstrated severe weaknesses in its internal control systems and monitoring mechanisms across financial reporting, corporate governance, and project management. Non-compliance with statutory requirements, including delayed financial statements and annual reports, coupled with inadequate corporate governance practices, undermined transparency and accountability. The absence of critical oversight mechanisms, such as independent directors and statutory committees, further aggravated these issues. Weak financial controls led to significant unreconciled balances and delays in obtaining tax certificates. Project execution suffered from inadequate monitoring, resulting in financial irregularities including payments for work not done.

Response to Recommendations:

The Government and Management acknowledged the recommendations and assured of corrective action.

CHAPTER–VII
Compliance Audit observations
relating to State Public Sector
Enterprises

CHAPTER-VII

Compliance Audit observations relating to State Public Sector Enterprises

Important audit findings emerging from test check of transactions made by the State Public Sector Enterprises are included in this Chapter.

Infrastructure and Industrial Development Department

DMIC Integrated Industrial Township Greater Noida Limited

7.1 Undue favour to consortium by not encashing and forfeiting earnest money deposit instrument (bank guarantee)

The Company extended undue favour to consortium by not encashing and forfeiting the earnest money deposit (EMD) instrument (bank guarantee) of ₹ two crore, even though the award of work was cancelled due to misrepresentation regarding bid qualification.

DMIC Integrated Industrial Township Greater Noida Limited (Company) invited (August 2020) bids for the appointment of a Master System Integrator (MSI) for the supply, implementation, integration, operations, and maintenance of smart city information and communication technology components at the Integrated Industrial Township, Greater Noida. The bid was finalised and a letter of award (LoA) was issued (January 2021) to the L-1 consortium consisting of KEC International Limited (KEC), Silvertouch Technologies Limited (STL), and e-Centric Solutions (ECS) at a contract price of ₹ 70.87 crore.

However, after the issuance of the LoA, other bidders lodged a complaint against the consortium for providing false information, specifically that the consortium members were not barred by any Central or State Departments or State PSUs. The Company discovered misrepresentation¹ and concealment of facts by the consortium in their submitted affidavit. Consequently, the issued LoA was cancelled in June 2021, and the bidding process was annulled by the Company. After cancellation of LoA, the Company returned (August 2021) bank guarantee of ₹ two crore submitted by the consortium against EMD.

¹ The consortium members submitted an affidavit stating that members had not been barred or blacklisted by any Central/State Government Departments or Central/State PSUs in the last five years from participating in any project or being awarded any contract, either individually or as a member of consortium and no such bar or blacklisting subsists as on the proposal date. Our proposal would be liable for rejection in case of material misrepresentation is made or discovered with regard to requirements of bids at any stage of selection. However, records indicate that KEC was debarred by M.P. Madhya Kshetra Vidyut Vitran Company Limited from 23.11.2013 to 23.11.2016, and M/s Silvertouch Technologies Limited was banned by Oil and Natural Gas Corporation Limited for six months starting from 12.03.2020 *i.e.* up to 11.09.2020.

Audit noticed (August 2023) that returning of EMD instrument (bank guarantee) in case of cancellation of award of work on the basis of misrepresentation and concealment of facts by the consortium in their submitted affidavit, was not only detrimental to the interest of the Company but also was in violation of clauses of bid documents, as shown under:

Clause 2.2, read with Clause 4.6 and Appendix 8 (format of affidavit), of bid documents provides that the bidder (consortium members, in case of consortium) and its sub-contractors should not be barred or blacklisted by any Central/State Government Department or Central/State Public Sector Undertakings in the last five years from participating in any project or being awarded any contract, either individually or as member of a consortium and no such bar or blacklisting subsists as on the Proposal Due Date.

Further, Clause 20 (c) provides that if the bidder tries to influence the evaluation process or engages in corrupt, fraudulent², coercive or undesirable practice or restrictive practice, the EMD shall be forfeited and appropriated by the Client as mutually agreed genuine pre-estimated compensation and damages payable for the time, cost and effort of the Company.

Since, the consortium members submitted false affidavit and tried to influence the evaluation process which comes under fraudulent practice, the EMD instrument (bank guarantee) of ₹ two crore should have been encashed and forfeited by the Company as pre-estimated compensation and damages payable for the time, cost and effort of the Company as per clause 20 (c) of the bid documents, which was not done.

Thus, the Company extended undue favour to consortium by not encashing and forfeiting the earnest money deposit (EMD) instrument (bank guarantee) of ₹ two crore, even though the LoA was cancelled on the grounds of misrepresentation regarding bid qualification.

In its reply, the Management stated (October 2024) that there was ambiguity in the RFQ cum RFP documents. The RFQ cum RFP contained multiple clauses related to bidder blacklisting, specifically clauses 2.2, 4.6, 4.7 and the bidder affidavit which when read together in conjunction, presented varying interpretations, leading to confusion among bidders and the Company. It further stated that the Company's decision to not forfeit the EMD was based on the potential for protracted litigation, which could have significantly delayed the RFQ cum RFP process; the risk of adversely affecting industry

² As per Clause 5 of bid documents (Instruction to bidders), fraudulent practice means a misrepresentation or omission of facts or disclosure of incomplete facts in order to influence the selection process.

sentiment, potentially deterring future bidders; and the urgent need to appoint an MSI on a priority basis as the Company could not have anticipated in 2021 that the RFQ cum RFP process and award would be delayed.

The reply is not acceptable as the claim of ambiguity in the RFQ cum RFP documents is unfounded. Clause 4.6 clearly prohibits blacklisting in the last five years, and the affidavit format requires certification of both past and present status. When read together, these clauses strengthen each other, leaving no room for varying interpretations, as claimed by the Management. Further, the argument about avoiding protracted litigation is unsubstantiated. The concern about delays is contradicted by facts, as the work has not been awarded till September 2024. Besides, the argument regarding industry sentiment is unsupported, with no evidence showing that forfeiting the EMD would have deterred bidders.

Transport Department

Uttar Pradesh State Road Transport Corporation

7.2 Loss to the Corporation due to not publishing the tender in local newspapers

The Corporation did not publish the tender notice in local newspapers, which led to the cancellation of the tender. In the subsequent tendering process, the Corporation did not receive bids comparable to those in the first tender and ultimately had to award the contract at lower rates. This led to a revenue loss of ₹ 2.15 crore for the Corporation.

The Uttar Pradesh State Road Transport Corporation (UPSRTC) Stalls Rules, 2009³ provide that, each stall at a bus station must be put in monthly auction starting three months⁴ before the end of its contract period until a new proposal is accepted. For wide publicity, tender notices for all stalls at the concerned bus station must be displayed on the notice boards of the Bus Stations, Depots, and Regional Office, as well as in local newspapers and on the Corporation's website. Additionally, if the annual license fees for any stall exceeds five lakh rupees, the tender notices must also be posted on <https://e-tender.up.nic.in>.

Further, UPSRTC, issued (August 2019) an order mandating that all tenders above ₹ 10 lakh be invited through e-tendering and notices for inviting tenders must be published in two widely circulated local newspapers.

Audit observed that the current contract for operating the Food Plaza at Satellite Bus Station in Bareilly, awarded at a license fee of ₹ 2.17 lakh per month, was set to expire on 31 January 2021. The Regional Manager (RM),

³ Revised on 19.11.2020.

⁴ Tender process to start six months before end of existing contract.

UPSRTC, Bareilly Region issued a tender (15 January 2021) for operation of the food plaza for the next three years and published the tender notice on the Corporation's website as well as on e-tender.up.nic.in. However, the RM did not ensure that the tender was publicised through local newspapers.

After opening the bids of qualified bidders, Shri Suchint Jaiswal was identified as the highest bidder with a quoted rate of ₹ 7.25 lakh per month. The RM sent (30 January 2021) a proposal to the UPSRTC headquarters for awarding the contract to the highest bidder. However, upon the UPSRTC headquarters' enquiry regarding compliance with all the provisions, the RM cancelled (01 February 2021) the tender, as it was not published in local newspapers.

Subsequently, two more tenders⁵ were issued on the instructions of the UPSRTC headquarters for operation of the Food Plaza, complying all provisions. The highest bids received were ₹ 3.06 lakh and ₹ 2.42 lakh in the second and third tenders, respectively. The UPSRTC headquarters did not accept as these rates were low⁶.

On further instructions of the UPSRTC headquarters, the RM again issued a fresh tender on 13 March 2022. After receiving approval for the bid rates from the UPSRTC headquarters, the RM finalised and awarded the contract to Shri Prashant Kumar on 13 June 2022 at a monthly rate of ₹ 2.55 lakh. The contract was signed on 30 July 2022 and is effective from 1 August 2022 to 31 July 2025.

Audit noticed (May 2023) that the RM, Bareilly Region did not initiate the tender process at least three months before the current contract period ended, as mandated by the UPSRTC Stalls Rules. Further, due to not publishing the tender in local newspapers resulted in cancellation of the first tender. This led to repeated tender issuances and delayed the final award of the contract by 18 months. Ultimately, the contract was awarded at a monthly rate of ₹ 2.55 lakh, which was 65 per cent lower than the highest bid of ₹ 7.25 lakh received in the first tender.

Thus, due to not publishing the tender in local newspapers, the Corporation suffered a revenue loss of ₹ 2.15 crore⁷ over the three-year period from February 2021 to January 2024⁸.

In its reply, the Management stated (March 2024) that copy of the e-tender was endorsed for publication in newspapers but due to some circumstantial reason the same was not published. As a result, the first tender was cancelled.

⁵ Second tender and third tender were issued on 1 March 2021 and 10 November 2021 respectively.

⁶ Second tender rate being lower than first tender and third tender rate being competitively low.

⁷ [₹ 7.25 lakh x 18 months (from February 2021 to 31 July 2022)] + [₹ 7.25 lakh - ₹ 2.55 lakh = ₹ 4.70 lakh x 18 months (from August 2022 to January 2024)] = ₹ 215.10 lakh.

⁸ Contract period of the first tender if it was published in newspaper.

However, after repeated tendering, final allotment was made to the vendor on the rate which was 18 *per cent* higher than the reserve price of the stall.

The reply is not acceptable as the RM did not ensure publication of the tender in local newspapers at the first instance, which led to the retendering, where the Corporation could not get higher rates.

Lucknow
The **4 December 2025**


(SANJAY KUMAR)
Accountant General (Audit-II),
Uttar Pradesh

Countersigned

New Delhi
The **8 DEC 2025**


(K. SANJAY MURTHY)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Referred to in Paragraphs 1.4, 1.14, and 1.22)
Statement showing summarised financial position and working results of SPSEs as per their latest financial statements submitted up to 30 September 2023

Sl. No.	Name of the SPSE	Period of Accounts	Net Profit/Loss (-) before Finance Costs & Taxes	Net Profit/Loss (-) after Finance Costs & Taxes	Turnover	Paid-up Capital (including share application money)	Capital Employed	Net Worth	Free Reserves and Accumulated Profit/Loss(-)	Long-term Loans	Total Assets
1	2	3	4	5	6	7	8	9	10	11	12
A. Power Sector SPSEs											
1	Uttar Pradesh Raja Vidyut Utpadan Nigam Limited (Standalone)	2021-22	2574.79	235.66	9174.87	18580.82	38971.03	20069.38	1488.56	18901.65	47624.32
2	Uttar Pradesh Jal Vidyut Nigam Limited	2021-22	286.54	275.88	98.16	435.33	358.78	291.91	-143.42	66.87	834.29
3	Jawaharpur Vidyut Utpadan Nigam Limited (Subsidiary of Uttar Pradesh Raja Vidyut Utpadan Nigam Limited)	2021-22	616.05	0.42	0.00	1783.30	8346.48	1788.53	5.23	6557.95	9475.46
4	Uttar Pradesh Power Transmission Corporation Limited	2021-22	955.95	-556.26	3418.97	18590.01	31091.49	17188.41	-1401.42	13903.08	40234.10
5	Uttar Pradesh Power Corporation Limited (Standalone)	2022-23	-14572.24	-14572.24	0.00	119625.63	24486.30	24486.30	-95139.33	0.00	125512.68
6	Purvanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2022-23	-3916.95	-6610.27	13560.98	25885.58	29492.48	6804.65	-19080.93	22687.83	57091.18
7	Pashchimanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2022-23	2066.79	991.67	21483.30	19004.09	9204.81	1034.56	-17969.53	8170.25	37088.24
8	Dakshinanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2022-23	-3043.41	-5073.77	12447.81	23988.47	10346.51	-6061.51	-30049.98	16408.02	37057.57
9	Madhyanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2022-23	-3076.13	-4819.92	13707.75	23391.02	17400.76	3045.97	-20345.05	14354.79	43106.23
10	Kanpur Electricity Supply Company Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2022-23	270.64	0.51	3161.48	2431.28	560.28	-1755.65	-4186.93	2315.93	5048.01

Sl. No.	Name of the SPSE	Period of Accounts	Net Profit/Loss (-) before Finance Costs & Taxes	Net Profit/Loss (-) after Finance Costs & Taxes	Turnover	Paid-up Capital (including share application money)	Capital Employed	Net Worth	Free Reserves and Accumulated Profit/Loss(-)	Long-term Loans	Total Assets
1	2	3	4	5	6	7	8	9	10	11	12
11	UCM Coal Company Limited	2021-22	-0.10	-0.12	0.00	0.16	0.33	-2.17	-2.33	2.50	45.58
12	UPSIDC Power Company Limited	2013-14	-0.02	-0.02	0.00	0.05	-0.20	-0.20	-0.25	0.00	0.01
	Sub-total (A)		-17838.09	-30128.46	77053.32	253715.74	170259.05	66890.18	-186825.38	103368.87	403117.67
B. Other than Power Sector SPSEs											
13	Uttar Pradesh Alp Sankhyak Vittiya Evam Vikas Nigam Limited	2005-06	2.07	-1.10	3.10	29.99	116.12	32.22	2.23	83.90	122.82
14	Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited	2016-17	0.41	-1.32	1.11	12.23	69.42	17.53	5.30	51.89	70.31
15	U.P. Scheduled Castes Finance and Development Corporation Limited	2017-18	3.90	2.79	54.54	230.42	384.79	344.98	114.56	39.81	988.78
16	Uttar Pradesh Food and Essential Commodities Corporation Limited	2010-11	16.98	10.86		5.50	143.13	56.87	51.37	86.26	539.29
17	Uttar Pradesh Bhumi Sudhar Nigam	2019-20	0.01	0.01	0.08	1.50	2.54	2.54	1.04	0.00	124.83
18	Uttar Pradesh Mahila Kalyan Nigam Limited	2015-16	0.11	0.11	0.59	5.19	7.64	7.64	2.45	0.00	30.07
19	Uttar Pradesh Waqf Vikas Nigam Limited	2003-04	-0.21	-0.21	0.30	5.25	5.50	5.50	0.25	0.00	5.50
20	Uttar Pradesh State Agro Industrial Corporation Limited	2010-11	17.51	10.26	793.26	46.30	62.80	30.21	-16.09	32.59	78.90
21	Uttar Pradesh Rajkiya Nirman Nigam Limited	2014-15	189.94	120.38	3778.66	1.00	1004.09	1004.09	1003.09	0.00	5943.37
22	Uttar Pradesh State Bridge Corporation Limited	2019-20	124.22	41.03	1511.18	15.00	798.45	275.58	260.58	522.87	3341.65
23	Uttar Pradesh Small Industries Corporation Limited	2011-12	8.47	5.59	319.86	5.96	30.29	23.55	17.59	6.74	134.33
24	Uttar Pradesh Beej Vikas Nigam Limited	2019-20	4.08	2.15	177.46	6.92	61.93	61.93	55.01		243.21
25	Uttar Pradesh Matsya Vikas Nigam Limited	2016-17	1.08	0.92	8.58	1.07	7.36	7.36	6.29	0.00	36.49
26	Uttar Pradesh Drugs and Pharmaceuticals Limited	2009-10	-9.21	-9.21	0.55	1.10	-25.49	-25.49	-26.59	0.00	12.57
27	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	2017-18	-3.64	-3.64	0.00	880.13	194.12	118.24	-761.89	75.88	208.29

Sl. No.	Name of the SPSE	Period of Accounts	Net Profit/Loss (-) before Finance Costs & Taxes	Net Profit/Loss (-) after Finance Costs & Taxes	Turnover	Paid-up Capital (including share application money)	Capital Employed	Net Worth	Free Reserves and Accumulated Profit/Loss(-)	Long-term Loans	Total Assets
1	2	3	4	5	6	7	8	9	10	11	12
	(Subsidiary of Uttar Pradesh State Sugar Corporation Limited)										
28	Uttar Pradesh State Sugar Corporation Limited (Standalone)	2017-18	-36.20	-36.20	146.15	1648.31	1750.91	1492.15	-156.16	258.76	1978.42
29	Uttar Pradesh Handicraft & Marketing Development Corporation Limited (Formerly Uttar Pradesh Export Corporation Limited)	2008-09	-1.88	-1.90	5.29	7.24	-6.60	-17.41	-24.65	10.81	38.05
30	Uttar Pradesh State Tourism Development Corporation Limited	2017-18	1.55	1.55	35.78	32.60	15.57	15.57	-17.03	0.00	56.12
31	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2017-18	0.04	0.04	0.18	0.26	1.98	-0.50	-0.76	2.48	2.38
32	Uttar Pradesh State Spinning Company Limited	2018-19	-1.37	-5.65	0.00	93.24	-79.84	-181.25	-274.49	101.41	43.19
33	Uttar Pradesh State Handloom Corporation Limited	2000-01	-8.02	-8.80	25.44	47.07	0.85	-37.86	-84.93	38.71	56.66
34	Uttar Pradesh Development Systems Corporation Limited	2020-21	14.74	10.03	327.06	1.00	51.63	51.63	50.63	0.00	230.06
35	U.P. Projects Corporation Limited	2019-20	7.69	4.32	417.86	6.40	129.88	129.88	123.48	0.00	4283.16
36	Uttar Pradesh Metro Rail Corporation Limited	2022-23	-276.43	-319.02	91.20	5580.99	14412.37	4218.98	-1362.01	10193.39	16508.91
37	Noida Metro Rail Corporation Limited	2022-23	-15.89	-53.98	52.24	1400.24	1929.79	1015.23	-385.01	914.56	4507.03
38	The Pradeshya Industrial and Investment Corporation of UP Limited	2020-21	6.86	4.29	4.79	135.58	754.24	-241.17	-376.75	995.41	1068.13
39	Shreeron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2021-22	2.56	1.78	28.17	7.12	18.00	16.34	9.22	1.66	47.36
40	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2020-21	3.20	2.40	55.44	4.07	8.24	5.97	1.90	2.27	48.73
41	Uttar Pradesh Electronics Corporations Limited (Standalone)	2020-21	1.54	1.06	43.26	91.54	217.37	105.69	14.15	111.68	404.64

Sl. No.	Name of the SPSE	Period of Accounts	Net Profit/Loss (-) before Finance Costs & Taxes	Net Profit/Loss (-) after Finance Costs & Taxes	Turnover	Paid-up Capital (including share application money)	Capital Employed	Net Worth	Free Reserves and Accumulated Profit/Loss(-)	Long-term Loans	Total Assets
1	2	3	4	5	6	7	8	9	10	11	12
42	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2021-22	44.13	44.13	475.45	0.42	482.52	482.52	482.10	0.00	573.50
43	Uttar Pradesh Police Avas Nigam Limited	2020-21	8.26	6.75	251.71	3.00	21.43	21.43	18.43	0.00	1208.67
44	Uttar Pradesh Export Promotion Council	2022-23	0.28	0.28	0.33	0.05	7.11	2.11	2.06	5.00	13.03
45	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	36.20	25.61	37.13	11.00	54.83	54.83	43.83	0.00	758.47
46	Uttar Pradesh State Construction & Infrastructure Development Corporation Limited (formerly known as Uttar Pradesh Samaj Kalyan Nirman Nigam Limited)	2020-21	0.54	0.45	685.87	0.15	73.79	73.79	73.64	0.00	4440.28
47	Meerut City Transport Services Limited	2017-18	-8.59	-8.59	21.74	4.04	5.44	2.78	-1.26	2.66	6.52
48	Kanpur City Transport Services Limited	2017-18	-11.48	-11.48	15.44	0.67	-6.74	-6.74	-7.41	0.00	2.46
49	Allahabad City Transport Services Limited	2019-20	-10.90	-10.90	15.19	4.91	-5.00	-11.57	-16.48	6.57	10.09
50	Agra Smart City Limited	2021-22	0.01	0.01	0.00	216.00	216.04	216.04	0.04	0.00	804.28
51	Aligarh Smart City Limited	2022-23	-4.09	-4.09	0.01	2.00	-18.64	-18.64	-20.64	0.00	775.30
52	Bareilly Smart City Limited	2021-22	0.00	0.00	0.18	0.50	0.50	0.50	0.00	0.00	384.65
53	Prayagraj Smart City Limited	2021-22	-0.04	-0.04	0.00	490.00	489.34	489.34	-0.66	0.00	615.78
54	Varanasi Smart City Limited	2021-22	0.22	0.16	0.00	200.00	200.28	200.28	0.28	0.00	287.04
55	Jhansi Smart City Limited	2019-20	0.00	0.00	0.00	0.50	0.50	0.50	0.00	0.00	97.70
56	Moradabad Smart City Limited	2021-22	0.16	0.16	0.00	100.50	92.49	92.49	-8.01	0.00	230.22
57	Saharanpur Smart City Limited	2021-22	0.00	0.00 ¹	0.00	0.50	26.35	26.35	25.85	0.00	221.23
58	Kanpur Smart City Limited	2017-18	-0.90	-0.90	0.00	216.00	214.50	214.50	-1.50	0.00	215.09
59	Lucknow Smart City Limited	2019-20	-4.95	-4.95	0.00	382.00	370.75	370.75	-11.25	0.00	457.61
60	Almora Magnesite Limited	2021-22	0.61	0.43	31.34	2.00	6.40	6.16	4.87	0.24	25.83
61	Noida International Airport Limited	2019-20	2.52	1.61	0.00	0.01	3604.38	-2.74	-2.75	3607.12	3610.24

¹ Net profit of Saharanpur Smart City Limited for the year 2021-22 was ₹ 7,011.

Sl. No.	Name of the SPSE	Period of Accounts	Net Profit/Loss (-) before Finance Costs & Taxes	Net Profit/Loss (-) after Finance Costs & Taxes	Turnover	Paid-up Capital (including share application money)	Capital Employed	Net Worth	Free Reserves and Accumulated Profit/Loss(-)	Long-term Loans	Total Assets
1	2	3	4	5	6	7	8	9	10	11	12
62	DMIC Integrated Industrial Township Greater Noida Limited	2021-22	46.45	32.65	0.00	2940.51	3018.65	3018.65	78.14	0.00	3324.80
63	Uttar Pradesh State Road Transport Corporation	2020-21	-27.82	-27.82	3830.94	981.42	77.07	47.07	-934.35	30.00	3332.06
64	Uttar Pradesh Forest Corporation	2021-22	5.96	5.96	151.33	0.00	1382.91	1382.91	1382.91	0.00	1713.90
65	Uttar Pradesh Avas Evam Vikas Parishad	2021-22	144.68	144.68	858.41	0.00	5308.19	5308.19	5308.19	0.00	20816.35
66	Uttar Pradesh Financial Corporation	2012-13	17.40	17.38	22.22	179.28	-52.98	-719.11	-898.39	666.13	963.87
67	Uttar Pradesh State Warehousing Corporation	2020-21	219.97	165.53	594.03	13.01	1073.67	961.68	952.00	111.99	1384.46
68	Uttar Pradesh Jal Nigam	2019-20	-197.80	-250.68	769.83	0.00	-724.25	-1820.15	-1820.15	1095.90	65987.23
	Sub-total (B)		314.93	-95.12	15643.28	16051.69	37986.61	18929.92	2882.27	19056.69	153413.91
	Grand Total of (A+B)		-17523.16	-30223.58	92696.60	269767.43	208245.66	85820.10	-183943.11	122425.56	556531.58

Note:

1. Finance Costs includes interest, dividend on redeemable preference shares, exchange differences regarded as an adjustment to borrowing costs, and other borrowing costs.
2. Net worth is the sum total of the paid-up capital (including share application money) and free reserves and surplus minus accumulated losses and Deferred Revenue Expenditure.
3. Capital Employed = Paid-up Capital (including share application money) + Free Reserves + Long-term Loans – Deferred Revenue Expenditure.

Appendix 1.2
(Referred to in Paragraph 1.11)
Statement showing investment made and other budgetary support provided by GoUP to SPSEs during the period for which accounts were in arrears

Sl. No.	Name of the SPSE	Period of accounts	Period for which accounts are in arrears	Paid-up Capital including share application money as per the latest finalised accounts	Investment made by the State Government during the period for which accounts were in arrears					Total
					Equity	Loans	Grant	Subsidy	Guarantee issued	
1	2	3	4	5	6	7	8	9	10	11= Col. 6 + Col. 7 + Col. 8 + Col. 9
1	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2021-22	2022-23	18580.82	1522.32	--	--	--	5242.68	1522.32
2	Uttar Pradesh Power Transmission Corporation Limited	2021-22	2022-23	18590.01	1277.25	--	6.86	--	--	1284.11
3	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	2021-22 to 2022-24	11.00	3.17	--	--	--	--	3.17
4	Allahabad City Transport Services Limited	2019-20	2020-21 to 2022-23	4.91	--	--	40.10	--	--	40.10
5	U.P. Scheduled Castes Finance and Development Corporation Limited	2017-18	2018-19 to 2022-23	230.42	--	--	--	591.29	--	591.29
6	Uttar Pradesh Mahila Kalyan Nigam Limited	2015-16	2016-17 to 2022-23	5.19	--	--	14.38	--	--	14.38
7	Uttar Pradesh Waqf Vikas Nigam Limited	2003-04	2004-05 to 2022-23	5.25	4.75	--	--	--	--	4.75
8	Uttar Pradesh State Agro Industrial Corporation Limited	2010-11	2011-12 to 2022-23	46.30	12.02	--	--	--	--	12.02
9	Uttar Pradesh Beej Vikas Nigam Limited	2019-20	2020-21 to 2022-23	6.92	--	--	3.49	--	--	3.49
10	Uttar Pradesh Matsya Vikas Nigam Limited	2016-17	2017-18 to 2022-23	1.07	--	--	20.36	--	--	20.36
11	Uttar Pradesh State Sugar Corporation Limited (Standalone)	2017-18	2018-19 to 2022-23	1648.31	--	741.30	--	--	150.00	741.30
12	Lucknow City Transport Services Limited	Accounts not submitted	2009-10 to 2022-23	--	--	0.50	69.15	--	--	69.65
13	Meerut City Transport Services Limited	2017-18	2018-19 to 2022-23	4.04	--	--	26.32	--	--	26.32
14	Agra Mathura City Transport Services Limited	Accounts not submitted	2009-10 to 2022-23	0.00	--	--	12.96	--	--	12.96
15	Kanpur City Transport Services Limited	2017-18	2018-19 to 2022-23	0.67	--	0.53	149.34	--	--	149.87
16	Varanasi City Transport Services Limited	Accounts not submitted	2009-10 to 2022-23	0.00	--	--	45.37	--	--	45.37

Sl. No.	Name of the SPSE	Period of accounts	Period for which accounts are in arrears	Paid-up Capital including share application money as per the latest finalised accounts	Investment made by the State Government during the period for which accounts were in arrears					Total
					Equity	Loans	Grant	Subsidy	Guarantee issued	
1	2	3	4	5	6	7	8	9	10	11= Col. 6 + Col. 7 + Col. 8 + Col. 9
17	Uttar Pradesh State Spinning Company Limited	2018-19	2019-20 to 2022-23	93.24	--	9.88	--	--	--	9.88
18	Agra Smart City Limited	2021-22	2022-23	216.00	--	--	98.00	--	--	98.00
19	Bareilly Smart City Limited	2021-22	2022-23	0.50	185.75	--	196.00	--	--	381.75
20	Prayagraj Smart City Limited	2021-22	2022-23	490.00	--	--	196.00	--	--	196.00
21	Varanasi Smart City Limited	2021-22	2022-23	200.00	--	--	98.00	--	--	98.00
22	Moradabad Smart City Limited	2021-22	2022-23	100.50	--	--	283.00	--	--	283.00
23	Saharanpur Smart City Limited	2021-22	2022-23	0.50	--	--	185.00	--	--	185.00
24	Jhansi Smart City	2019-20	2020-21 to 2022-23	0.50	--	--	1389.50	--	--	1389.50
25	Kanpur Smart City Limited	2017-18	2018-19 to 2022-23	216.00	0.25	--	333.50	--	--	333.75
26	Lucknow Smart City Limited	2019-20	2020-21 to 2022-23	382.00	--	--	204.50	--	--	204.50
27	Noida International Airport Limited	2019-20	2020-21 to 2022-23	0.01	1325.67	--	--	--	--	1325.67
28	Uttar Pradesh State Road Transport Corporation	2020-21	2021-22 to 2022-23	981.42	229.50	--	124.88	200.00	--	554.38
29	Uttar Pradesh Financial Corporation	2012-13	2013-14 to 2022-23	179.28	--	354.94	--	--	--	354.94
30	Uttar Pradesh Jal Nigam	2019-20	2020-21 to 2022-23	--	--	--	890.36	--	--	890.36
Total					4560.68	1107.15	4387.07	791.29	5392.68	10846.19

Source: Compiled based on information provided by the SPSEs

Appendix 1.3
(Referred to in Paragraph 1.12)
Statement showing differences in the figures of equity, long-term loans, and outstanding guarantees as per the Finance Accounts and the records of SPSEs as on 31 March 2023

SI No.	Name of the SPSE	As per records of SPSEs			As per the Finance Accounts		
		Paid-up Capital including share application money	Long-term Loans	Outstanding guarantees	Paid-up Capital including share application money	Long-term Loans	Outstanding guarantees
1	Kanpur Electricity Supply Company Limited	0.00		3782.22			
2	Purvanchal Vidyut Vitran Nigam Limited	0.00		34217.86			
3	Uttar Pradesh Power Transmission Corporation Limited	17653.92			17654.05		
4	Pashchimanchal Vidyut Vitran Nigam Limited	0.00		11780.94			
5	Uttar Pradesh Jal Vidyut Nigam Limited	435.33	64.65		435.33		
6	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	20103.13			18550.82		25981.55
7	Jawaharpur Vidyut Utpadan Nigam Limited	0.00		8453.01	487.25		8453.01
8	Uttar Pradesh Power Corporation Limited	119625.63	0.00		118467.77		96212.99
9	Uttar Pradesh Electronics Corporation Limited	91.54	110.87		91.54	34.08	
10	Saharanpur Smart City Limited	0.25	0.00				
11	Bareilly Smart City Limited	186.00	0.00				
12	Aligarh Smart City Limited	0.25	0.00				
13	Lucknow Smart City Limited	191.00					
14	Moradabad Smart City Limited	50.25	0.00				
15	Kanpur Smart City Limited	107.25					
16	Varanasi City Transport Services Limited	0.05					
17	Lucknow City Transport Services Limited	17.84					
18	Kanpur City Transport Services Limited	0.05					
19	Uttar Pradesh Jal Nigam	0.00	237.96			537.23	
20	Uttar Pradesh Metro Rail Corporation Limited	2860.80	1676.20		2825.80	1309.60	
21	Uttar Pradesh State Handloom Corporation Limited	36.45	159.49		28.26	10.54	2.34
22	Noida Metro Rail Corporation Limited.	712.62	283.00				

SI No.	Name of the SPSE	As per records of SPSEs			As per the Finance Accounts		
		Paid-up Capital including share application money	Long-term Loans	Outstanding guarantees	Paid-up Capital including share application money	Long-term Loans	Outstanding guarantees
23	The Pradeshya Industrial & Investment Corporation of UP Limited	110.58	942.44	1.39	110.58	1234.88	1.39
24	Uttar Pradesh State Tourism Development Corporation Limited	32.60			32.60	2.77	
25	Uttar Pradesh Export Promotion Council	0.05	5.00				
26	Uttar Pradesh Financial Corporation	114.51	345.94	2.46	73.13	9.44	2.46
27	Varanasi Smart City Limited	100.00					2.46
28	Agra Smart City Limited	108.00	0.00				
29	Prayagraj Smart City Limited	245.00					
30	Jhansi Smart City Limited	0.25					
31	Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited	12.23	57.03		13.56		
32	U.P. Scheduled Caste Finance and Development Corporation Limited	134.28			64.76		
33	Uttar Pradesh Medical Supplies Corporation Limited	14.16					
34	Uttar Pradesh State Warehousing Corporation	5.40		140.99	2.70	0.34	140.98
35	Uttar Pradesh State Food and Essential Commodities Corporation Limited	12.34			12.34	0.78	
36	Uttar Pradesh State Road Transport Corporation	1150.45	26.72		710.56	29.64	
37	Uttar Pradesh State Sugar Corporation Limited	1648.31	931.30	223.96	1648.31	406.96	423.96
38	Uttar Pradesh State Spinning Company Limited	93.24	151.08		93.24	19.68	
39	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	0.00		200.00	880.13		
40	Noida International Airport Limited	3313.31					
41	Uttar Pradesh State Agro Industrial Corporation Limited	58.31	5.00		58.32	4.69	
42	Uttar Pradesh Rajya Krishi Evam Gramin Vikas Nigam Limited	0.05				0.45	
43	Uttar Pradesh Small Industries Corporation Limited	5.96	7.29		5.96	0.41	
44	Uttar Pradesh Handicraft Development & Marketing Corporation Limited	6.34	10.59	0.56	5.55	5.29	
	Total	169237.72	5014.56	58803.39	162252.55	3606.78	131221.14

Appendix 2.1
(Referred to in Paragraph 2.3)
Statement showing accounts of SPSEs in arrears

SL No.	Name of the SPSE	Year for which accounts were in arrears	No. of accounts in arrears	Status of the SPSE
1	2	3	4	5
A	Companies			
Power Sector				
1	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (Standalone and CFS)	2022-23	2	Working
2	Uttar Pradesh Jal Vidyut Nigam Limited	2022-23	1	Working
3	Jawaharpur Vidyut Utpadan Nigam Limited	2022-23	1	Working
4	Uttar Pradesh Power Transmission Corporation Limited	2022-23	1	Working
5	UCM Coal Company Limited	2022-23	1	Working
6	UPSIDC Power Company Limited	2014-15 to 2022-23	9	Working
Other than Power Sector				
7	Uttar Pradesh Alp Sankhyak Vittiya Evam Vikas Nigam Limited	2006-07 to 2022-23	17	Working
8	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	2017-18 to 2022-23	6	Working
9	U.P. Scheduled Castes Finance and Development Corporation Limited	2018-19 to 2022-23	5	Working
10	Uttar Pradesh Food and Essential Commodities Corporation Limited	2011-12 to 2022-23	12	Working
11	Uttar Pradesh Bhumi Sudhar Nigam	2020-21 to 2022-23	3	Working
12	Uttar Pradesh Mahila Kalyan Nigam Limited	2016-17 to 2022-23	7	Working
13	Uttar Pradesh Waqf Vikas Nigam Limited	2004-05 to 2022-23	19	Working
14	Uttar Pradesh State Agro Industrial Corporation Limited	2011-12 to 2022-23	12	Working
15	Uttar Pradesh Rajkiya Nirman Nigam Limited	2015-16 to 2022-23	8	Working
16	Uttar Pradesh State Bridge Corporation Limited	2020-21 to 2022-23	3	Working
17	Uttar Pradesh Small Industries Corporation Limited	2012-13 to 2022-23	11	Working
18	Uttar Pradesh Beej Vikas Nigam Limited	2020-21 to 2022-23	3	Working
19	Uttar Pradesh Matsya Vikas Nigam Limited	2017-18 to 2022-23	6	Working
20	Uttar Pradesh Drugs and Pharmaceuticals Limited	2010-11 to 2022-23	13	Working
21	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	2018-19 to 2022-23	5	Working
22	Uttar Pradesh State Sugar Corporation Limited (Standalone & CFS)	2018-19 to 2022-23	10	Working
23	Uttar Pradesh Handicraft & Marketing Development Corporation Limited (Formerly Uttar Pradesh Export Corporation Limited)	2009-10 to 2022-23	14	Working
24	Uttar Pradesh State Tourism Development Corporation Limited	2018-19 to 2022-23	5	Working
25	Uttar Pradesh Rajya Krishi Evam Gramin Vikas Nigam Limited	2018-19 to 2022-23	5	Working
26	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2018-19 to 2022-23	5	Working
27	Uttar Pradesh State Spinning Company Limited	2019-20 to 2022-23	4	Working
28	Uttar Pradesh State Handloom Corporation Limited	2001-02 to 2022-23	22	Working
29	Uttar Pradesh Development Systems Corporation Limited	2021-22 & 2022-23	2	Working
30	U.P. Projects Corporation Limited	2020-21 to 2022-23	3	Working
31	The Pradeshiya Industrial and Investment Corporation of UP Limited	2021-22 & 2022-23	2	Working
32	Shretron India Limited	2022-23	1	Working
33	Uptron Powertronics Limited	2021-22 & 2022-23	2	Working
34	Uttar Pradesh Electronics Corporation Limited.	2021-22 & 2022-23	4	Working
35	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2022-23	1	Working
36	Uttar Pradesh Police Avas Nigam Limited	2021-22 to 2022-23	2	Working
37	Uttar Pradesh Medical Supply Corporation Limited	2021-22 & 2022-23	2	Working
38	Uttar Pradesh State Construction & Infrastructure Development Corporation Limited (Formerly Uttar Pradesh Samaj Kalyan Nirman Nigam Limited)	2021-22 & 2022-23	2	Working
39	Lucknow City Transport Services Limited	2010-11 to 2022-23	13	Working
40	Meerut City Transport Services Limited	2018-19 to 2022-23	5	Working
41	Agra Mathura City Transport Services Limited	2010-11 to 2022-23	13	Working

SL No.	Name of the SPSE	Year for which accounts were in arrears	No. of accounts in arrears	Status of the SPSE
1	2	3	4	5
42	Kanpur City Transport Services Limited	2018-19 to 2022-23	5	Working
43	Varanasi City Transport Services Limited	2010-11 to 2022-23	13	Working
44	Allahabad City Transport Services Limited	2020-21 to 2022-23	3	Working
45	Agra Smart City Limited	2022-23	1	Working
46	Bareilly Smart City Limited	2022-23	1	Working
47	Prayagraj Smart City Limited	2022-23	1	Working
48	Varanasi Smart City Limited	2022-23	1	Working
49	Jhansi Smart City Limited	2020-21 to 2022-23	3	Working
50	Moradabad Smart City Limited	2022-23	1	Working
51	Saharanpur Smart City Limited	2022-23	1	Working
52	Kanpur Smart City Limited	2018-19 to 2022-23	5	Working
53	Lucknow Smart City Limited	2020-21 to 2022-23	3	Working
54	Almora Magnesite Limited	2022-23	1	Working
55	Noida International Airport Limited	2020-21 to 2022-23	3	Working
56	DMIC Integrated Industrial Township Greater Noida Limited	2022-23	1	Working
57	Uplease Financial Services Limited	1998-99 to 2022-23	25	Inactive
58	Chhata Sugar Company Limited	2018-19 to 2022-23	5	Inactive
59	Ghatampur Sugar Company Limited	2018-19 to 2022-23	5	Inactive
60	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2018-19 to 2022-23	5	Inactive
61	The Indian Turpentine and Rosin Company Limited	2011-12 to 2022-23	12	Inactive
62	Uttar Pradesh Instruments Limited	2002-03 to 2022-23	21	Inactive
63	Uttar Pradesh State Brassware Corporation Limited	1998-99 to 2022-23	25	Inactive
64	Uttar Pradesh State Textile Corporation Limited	2021-22 to 2022-23	2	Inactive
65	Uttar Pradesh State Leather Development and Marketing Corporation Limited	2001-02 to 2022-23	22	Inactive
66	Uttar Pradesh State Yarn Company Limited	2022-23	1	Inactive
67	Uttar Pradesh Pashudhan Udyog Nigam Limited	2017-18 to 2022-23	6	Inactive
68	Uttar Pradesh Poultry and Livestock Specialties Limited	2014-15 to 2022-23	9	Inactive
69	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	1985-86 to 2022-23	38	Inactive
70	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	2013-14 to 2022-23	10	Inactive
71	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	1996-97 to 2022-23	27	Inactive
72	Agra Mandal Vikas Nigam Limited	1989-90 to 2022-23	34	Inactive
73	Allahabad Mandal Vikas Nigam Limited	1984-85 to 2022-23	39	Inactive
74	Bareilly Mandal Vikas Nigam Limited	1989-90 to 2022-23	34	Inactive
75	Gorakhpur Mandal Vikas Nigam Limited	1989-90 to 2022-23	34	Inactive
76	Lucknow Mandaliya Vikas Nigam Limited	1982-83 to 2022-23	41	Inactive
77	Meerut Mandal Vikas Nigam Limited	2009-10 to 2022-23	14	Inactive
78	Moradabad Mandal Vikas Nigam Limited	1992-93 to 2022-23	31	Inactive
79	Tarai Anusuchit Janjati Vikas Nigam Limited	1983-84 to 2022-23	40	Inactive
80	Uttar Pradesh Bundelkhand Vikas Nigam Limited	2011-12 to 2022-23	12	Inactive
81	Uttar Pradesh Chalchitra Nigam Limited	2010-11 to 2022-23	13	Inactive
82	Uttar Pradesh Poorvanchal Vikas Nigam Limited	1988-89 to 2022-23	35	Inactive
83	Varanasi Mandal Vikas Nigam Limited	1988-89 to 2022-23	35	Inactive
84	Command Area Poultry Development Corporation Limited	1995-96 to 2022-23	28	Inactive
A (i) Total number of accounts of Companies in arrears, excluding those under liquidation			908	
A (ii) Companies under liquidation				
85	Uttar Pradesh Cement Corporation Limited	1996-97 to 1998-99	3	UL
86	Vindhyachal Abrasives Limited	1988-89 to 2002-03	15	UL
87	Auto Tractors Limited	1992-93 to 2002-03	11	UL
88	Bhadohi Woolens Limited	1995-96	1	UL
89	Continental Float Glass Limited	1998-99 to 2001-02	4	UL
90	Kanpur Components Limited	1978-79 to 1996-97	19	UL
91	Uttar Pradesh Abscott Private Limited	1976-77 to 1986-87	11	UL

SL No.	Name of the SPSE	Year for which accounts were in arrears	No. of accounts in arrears	Status of the SPSE
1	2	3	4	5
92	Uttar Pradesh Carbide and Chemicals Limited	1993-94	1	UL
93	Uttar Pradesh Plant Protection Appliances (Private) Limited	1975-76 to 2003-04	29	UL
94	Uptron India Limited	1996-97 to 2013-14	18	UL
95	Electronics and Computers (India) Limited	1974-75 to 1981-82	8	UL
A(ii) Total number of accounts of Companies under liquidation in arrears			120	
Total number of accounts of Companies in arrears {A(i)+A(ii)}			1028	
B	Statutory Corporations			
96	Uttar Pradesh State Road Transport Corporation	2021-22 & 2022-23	2	Working
97	Uttar Pradesh Forest Corporation	2022-23	1	Working
98	Uttar Pradesh Avas Evam Vikas Parishad	2022-23	1	Working
99	Uttar Pradesh Financial Corporation	2013-14 to 2022-23	10	Working
100	Uttar Pradesh State Warehousing Corporation	2021-22 to 2022-23	2	Working
101	Uttar Pradesh Jal Nigam	2020-21 to 2022-23	3	Working
Total number of accounts of Statutory Corporations in arrears (B)			19	
Total number of accounts of SPSEs in arrears (A+B)			1047	

Appendix 2.2

(Referred to in Paragraphs 2.5 and 2.7)

Statement showing SPSEs wherein comments/Separate Audit Reports of the CAG on financial statements were issued during the period from October 2022 to September 2023

Sl. No.	Name of the SPSE	Year of financial statements	Number of accounts
Government Companies			
1	Dakshinanchal Vidyut Vitaran Nigam Limited	2019-20 to 2021-22	3
2	Jawaharpur Vidyut Utpadan Nigam Limited	2021-22	1
3	Kanpur Electricity Supply Company Limited	2019-20-2021-22	3
4	Madhyanchal Vidyut Vitaran Nigam Limited	2020-21	1
5	Paschimanchal Vidyut Vitaran Nigam Limited	2019-20 to 2021-22	3
6	Purvanchal Vidyut Vitaran Nigam Limited	2020-21 to 2021-22	2
7	Shretron India Limited	2020-21 to 2021-22	2
8	Uttar Pradesh Development Systems Corporation Limited	2019-20	1
9	Uttar Pradesh Electronics Corporation Limited (Consolidated) and (Standalone)	2017-18 to 2018-19	4
10	Uttar Pradesh Jal Vidyut Nigam Limited	2020-21 to 2021-22	2
11	Uttar Pradesh Power Corporation Ltd (Consolidated) and Standalone)	2018-19 to 2020-21	6
12	Uttar Pradesh Power Transmission Corporation Limited	2021-22	1
13	UP Rajya Vidyut Utpadan Nigam Limited (Consolidated) and (Standalone)	2020-21 to 2021-22	4
14	Uptron Powertronics Limited	2020-21	1
15	Chhata Sugar Company Limited	2017-18	1
16	Ghatampur Sugar Company Limited	2017-18	1
17	Nandganj Sihori Sugar Company Limited	2017-18	1
18	Noida Metro Rail Corporation Limited	2022-23	1
19	The Pradeshia Industrial and Investment Corporation of UP Limited	2020-21	1
20	Uttar Pradesh Beej Vikas Nigam Limited	2018-19	1
21	Uttar Pradesh Bhumi Sudhar Nigam	2018-19 to 2019-20	2
22	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	1
23	Uttar Pradesh Metro Rail Corporation Limited (Lucknow Metro)	2021-22 to 2022-23	2
24	Uttar Pradesh Police Awas Nigam Limited	2020-21	1
25	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2021-22	1
26	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	2017-18	1
27	Uttar Pradesh State Bridge Corporation Limited	2018-19	1
28	Uttar Pradesh State Sugar Corporation Limited (Consolidated) and (Standalone)	2017-18	2
29	U.P. Projects Corporation Limited	2019-20	1
30	Uttar Pradesh Tourism Development Corporation Limited	2017-18	1
31	Uttar Pradesh Export Promotion Council	2021-22	1
Government Controlled Other Companies			
32	Agra Smart City Limited	2021-22	1
33	Aligarh Smart City Limited	2022-23	1
34	Allahabad City Transport Services Limited	2019-20	1
35	Almora Magnesite Limited	2021-22	1
36	DMIC Integrated Industrial Township Greater Noida Limited	2021-22	1
37	Kanpur City Transport Services Limited	2010-11 and 2015-16	2
38	Kanpur Smart City Limited	2016-17 and 2017-18	2
39	Lucknow Smart City Limited	2019-20	1
40	Prayagraj Smart City Limited	2021-22	1
41	Saharanpur Smart City Limited	2021-22	1
42	Varanasi Smart City Limited	2021-22	1
43	Moradabad Smart City Limited	2021-22	1
Statutory Corporations			
44	Uttar Pradesh Forest Corporation	2020-21 to 2021-22	2
45	Uttar Pradesh Jal Nigam	2013-14 to 2016-17	4
46	Uttar Pradesh State Warehousing Corp	2018-19	1
47	Uttar Pradesh State Road Transport Corporation	2020-21	1

Appendix 2.3
(Referred to in Paragraph 2.7)
Statement showing significant comments of the CAG on the financial statements of SPSEs issued during 1 October 2022 to 30 September 2023

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
A. Government Companies				
Understatement of Loss				
1.	Madhyanchal Vidyut Vitran Nigam Limited	2020-21	62.67	Revenue from Operations includes ₹62.67 crore charged from other than poor household consumers for connection charges under the SAUBHAGYA scheme @ ₹500 per connection. As the amount was recovered on account of providing connections to the consumers, the same should have been shown under Liabilities-Consumer Contribution towards service connection. Inclusion of the same in revenue has resulted in overstatement of Revenue from Operation and understatement of Liabilities - Consumer Contribution towards service connection by ₹62.67 crore. Consequently, Loss for the year was understated by the same amount.
		2020-21	978.08	Other income also includes ₹978.08 crore being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. The admissible period for claim of UDAY loss subsidy has expired in 2020-21. The Company has already accounted UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted in overstatement of Other Income and Receivables from GoUP by ₹978.08 crore, with consequent understatement of Loss for the year to the same extent.
2.	Dakshinanchal Vidyut Vitran Nigam Limited	2021-22	209.49	UPPCL, the Holding Company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹ 5,372.50 crore from the GoUP during the year 2021-22 for funding of operational losses under UDAY which was incorrectly sanctioned and released by the GoUP under UDAY. Out of ₹ 5,372.50 crore, UPPCL allocated an amount of ₹ 209.49 crore to the Company during the year 2021-22. As the admissibility period for funding of operational losses under UDAY has already ended on 31 March 2021 and there was no scheme of Go/GoUP for funding of such operational losses during 2021-22, the subsidy released under UDAY was refundable to the GoUP. This resulted in overstatement of Other Income and understatement of Current Liabilities by ₹209.49 crore, each. Consequently, the Loss for the year has also been understated to the same extent.
		2021-22	206.27	The Company booked grant receivable of ₹2159.69 crore under UDAY in General Reserve in previous year (2020.21) and transferred actual amount of received grant of ₹206.27 crore from General Reserve to Other Income in the Statement of Profit and Loss for the year 2021-22 which is incorrect as UDAY grant had already been received. This resulted in overstatement of General Reserve and Receivables from GoUP by ₹ 1,953.42 crore, each and overstatement of Other Income and understatement of Current Liabilities by ₹ 206.27 crore, each. Consequently, Loss for the year has also been understated by ₹ 206.27 crore.
		2019-20	36.22	The above includes unbilled revenue of ₹36.22 crore which has been wrongly booked twice against the bulk supply of power to Torrent Power Ltd. This resulted in overstatement of 'Revenue from Operations' and 'Trade Receivables' with consequent understatement of 'Loss' for the year by ₹36.22 crore.

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
3.	Kanpur Electricity Supply Company Limited	2021-22	219.96	Under UDAY, Company received ₹219.96 crore pertaining to the subsidy for operational losses from its holding company which was incorrectly sanctioned and released after being unwarrantedly claimed by Holding company during the year 2021-22 from the GoUP. As the admissibility period for funding of operational losses under UDAY has already ended on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the subsidy released under UDAY was refundable to the GoUP. This resulted in overstatement of Other Income and understatement of Current Liabilities by ₹219.96 crore, each. Consequently, the Loss for the year was also understated to the same extent.
		2020-21	540.24	Other income includes ₹540.24 crore being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. The admissible period for claim of UDAY loss subsidy has expired in 2020-21. Further, the Company has already accounted for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted in overstatement of Other Income and Receivable from GoUP by ₹540.24 crore with consequent understatement of Loss for the year to the same extent.
4.	Paschimanchal Vidyut Vitran Nigam Limited	2021-22	873.59	Other Equity includes ₹ 8260.04 crore being additional revenue subsidy receivable from GoUP in the next ten years, commencing from 2021-22. Accordingly, an amount of ₹ 826.00 crore (8260.04/10) should have been transferred to 'Other Income' during the year 2021-22. However, the Company transferred the actual received amount of ₹ 873.59 crore to other income' by adjusting the same from "General Reserve" during the year 2021-22 on receipt basis. This resulted in overstatement of Other Income and understatement of General Reserve as well as Loss for the year by ₹ 873.59 crore.
		2020-21	333.02	The Company accounted for an amount of ₹655.65 crore as other income in the Statement of Profit and loss for the year 2019-20 against receivable amount of ₹322.63 crore under UDAY. Thus, the Company has accounted for ₹333.02 crore as Other income in excess which has resulted into understatement of loss for the year and understatement of Other Financial Liability by ₹333.02 crore each.
		2020-21	112.42	Company capitalized the interest amounting to ₹112.42 crore on works of R-APDRP which were already completed. This has resulted in overstatement of capital work in progress by ₹112.42 crore and understatement of finance cost by ₹112.42 crore as well as loss with the same amount.
5	Uttar Pradesh Power Corporation Limited	2019-20	10.38	The New Okhla Industrial Development Authority (NOIDA) had advanced a loan of ₹ 450 crore (₹ 200 crore on 15.06.2012 and ₹ 250 crore on 02.05.2013) to the Company. No interest was to be paid on the loan amount upto 30.09.2013 and thereafter UPPCL was liable to pay interest on balance amount of Loan. The total accumulated interest payable to the NOIDA up to 31 March 2020 was ₹ 96.42 crore which includes the amount of ₹ 10.38 crore pertaining to the current year 2019-20. However, interest payable to NOIDA has not been accounted. This resulted in understatement of Finance Cost by ₹ 10.38 crore, Current Liabilities by ₹ 96.42 crore and Other Equity- Prior Period Adjustment (negative balance) by ₹ 86.04 crore. Further, Loss for the year has also been understated by ₹ 10.38 crore.
	Total		3582.34	

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
Overstatement of Loss				
1.	Madhyanchal Vidyut Vitran Nigam Limited	2020-21	79.69	As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The company accounted for an amount of ₹ 407.73 crore as additional subsidy as per UDAY loss in the Statement of Profit and loss for the year 2020-21 against the receivable amount of ₹487.42 crore (being the 50 per cent of the loss for the year 2019-20). Thus, the Company has accounted for the additional subsidy short by ₹79.69 crore which has resulted in understatement of 'Other Income' and 'Other Current Assets' by ₹79.69 crore with consequent overstatement of Loss for the year to the same extent.
2.	Dakshinanchal Vidyut Vitran Nigam Limited	2020-21	185.84	As per Significant Accounting Policy No. 3 VII (b) transmission charges are accounted on accrual basis on bills raised by the U P Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC. In contravention to the Accounting policy, transmission charges of ₹185.84 crore has been accounted during 2020-21 for which the bills were issued by the UPPTCL in August 2021. This resulted in overstatement of Cost of Power Purchase and Current Liabilities by ₹185.84 crore each. Further, it also resulted in overstatement of Loss for the year by the same amount.
		2019-20	128.52	UDAY subsidy of ₹516.96 crore was shown as received from GoUP instead of ₹645.48 crore. This resulted in understatement of 'Other Income' and 'Other Current Assets' by ₹128.52 crore. Consequently, Loss for the year was also overstated by the same extent.
3.	Kanpur Electricity Supply Company Limited	2020-21	54.76	No subsidy for losses has been recognised by the Company as admissible under UDAY. As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The subsidy admissible subsidy was worked out to ₹54.76 crore. Thus, not recognising the subsidy by the Company has resulted in understatement of 'Other Income' and 'Current Assets-Others' each by ₹54.76 crore. Consequently, Loss for the year was also overstated by ₹54.76 crore.
		2019-20	112.05	No subsidy for losses has been recognised by the Company as admissible under UDAY. As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The subsidy admissible subsidy was worked out to ₹112.05 crore. This resulted in understatement of 'Other Income' and 'Current Assets-Others' each by ₹112.05 crore. Consequently, Loss for the year is also overstated by ₹112.05 crore.
4.	Paschimanchal Vidyut Vitran Nigam Limited	2021-22	168.42	Interest of ₹ 279.06 crore Loan of ₹ 197.54 crore and ₹ 373.41 crore taken from PFC for implementation of Part-A and Part-B Projects of R-APDRP, respectively has been shown as Contingent Liability instead of capitalization of the same as all the projects under R-APDRP were completed. Further, the Company, instead of transferring the interest amount of ₹ 110.64 crore to Grant, transferred it to Statement of Profit and Loss as 'Other Income'. This resulted in overstatement of Other Income and understatement of Capital Grant (Capital Reserves) by ₹ 110.64 crore. Further, it has also resulted in overstatement of Finance Costs and understatement of Fixed Assets by ₹ 279.06 crore. Consequently, Loss for the year has also been overstated by ₹ 168.42 crore. (₹ 279.06 crore - ₹ 110.64 crore).

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
		2020-21	40.75	The Company accounted for an amount of ₹659.69 crore as subsidy as per UDAY loss in the Statement of Profit and loss for the year 2020-21 against the receivable amount of ₹700.44 crore. This resulted in understatement of 'Other Income' and 'Other Current Assets' by ₹40.75 crore with consequent overstatement of Loss for the year to the same extent.
5.	Purvanchal Vidyut Vitaran Nigam Limited	2021-22	83.94	In contravention to the accounting policy which is of transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited, the transmission charges of ₹ 83.94 crore has been accounted in 2021-22 for which the bills were issued by the UPPTCL in July, 2022 for the year 2020-21 on True up of Tariff by UP Electricity Regulatory Commission. This resulted in overstatement of Cost of Power Purchased and Current Liabilities by ₹ 83.94 crore, each. Consequently, the Loss for the year has also been overstated to the same extent.
		2020-21	199.80	Significant accounting policy which provides that transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC. In contravention to the above policy, the Company accounted for the transmission charges of ₹199.80 crore in 2020-21 for which the bills were issued by the UPPTCL in August, 2021. This resulted in overstatement of Cost of Power Purchased and Current Liabilities by ₹ 199.80 crore each. Consequently, Loss for the year was also overstated by the same extent.
	Total		1053.77	
Understatement of Profit				
1.	U.P. Projects Corporation Limited	2019-20	1.39	Administrative and Other Expenses includes ₹ 41.01 crore being provision for interest on unutilised Government funds and interest paid to the Government of ₹ 8.63 crore and ₹ 32.38 crore, respectively. At Note No. 29 it has been disclosed that interest of ₹ 41.20 crore booked as other income pertaining to unutilised Government funds includes interest on income tax refund. As per accounts, the income tax refund of ₹ 1.39 crore was received during the year 2019-20, and the same was also booked under Administrative and Other Expenses being payable to the Government. Since, interest on income tax refund relates to income of the Company, it should not have been booked as payable to the Government. This resulted in overstatement of Administrative and Other Expenses (Interest on income tax refund payable to the Government) and Long-term liabilities, and understatement of Profit by ₹ 1.39 crore each.
	Total		1.39	
Understatement of Assets and Liabilities				
1.	Kanpur Electricity Supply Company Limited	2021-22	540.24	Other equity includes ₹540.24 crore being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous year. As per, the admissible period for claim of UDAY loss subsidy has expired in 2020-21. Further, the Company has already accounted for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. This resulted in understatement of 'Other Equity' (negative balance) and 'Current Liabilities' by ₹540.24 crore each.

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
		2019-20	62.72	Other financial liabilities does not include ₹62.72 crore being the interest payable to the Government of Uttar Pradesh (GoUP) on account of delayed payment of conversion charges for conversion of nazul land to freehold land. This resulted in understatement of 'Other Financial Liabilities' as well as 'Property, Plant and Equipment' by ₹62.72 crore each.
2.	Paschimanchal Vidyut Vitran Nigam Limited	2021-22	40.75	The company accounted for an amount of ₹ 659.69 crore as subsidy as per UDAY loss in the Statement of Profit and loss for the year 2020-21 against receivable amount of ₹ 700.44 crore. This resulted in understatement 'General Reserve (Other Equity)' and Current Assets by ₹ 40.75 crore.
3.	Purvanchal Vidyut Vitran Nigam Limited	2021-22	404.58	The UP Electricity Regulatory Commission (UPERC) while approving the ARR and Tariff for State DISCOMs for the year 2022-23, ARR for 2021-22 and True-up for the year 2020-21 has computed the DISCOM wise subsidy (RE and Revenue subsidy) for the year 2020-21. While computing the same, the UPERC found that the PuVVNL (Company) has claimed and received excess subsidy (RE and Revenue subsidy) of ₹ 404.58 crore during 2020-21. Hence, the same should have been shown as Current Liability as per directives of UPPCL, holding company issued in this respect. However, the Company merely disclosed the facts in Para No. 41 of the "Notes to Accounts". This resulted in understatement of 'Other Equity' (minus balance) and 'Other Financial Liabilities' by ₹ 404.58 crore, each.
4.	Uttar Pradesh Power Corporation Limited	2020-21	2463.68	An amount of ₹ 4,825.65 crore was eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21 as per the tripartite agreement. However, UPPCL booked other income of ₹ 7,289.33 crore and thus, excess income of ₹ 2,463.68 crore (₹ 7,289.33 crore - ₹ 4,825.65 crore) was booked as other income on account of Government grant for operational losses during the period from 2017-18 to 2020-21. Instead of booking as 'Other Income' this excess grant should have been shown as liability payable to GoUP in the books of the accounts. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹2,463.68 crore.
		2019-20	1282.95	Excess net loss of ₹ 1,282.95 crore was claimed/received by the company from the GoUP in the years 2017-18, 2018-19 and 2019-20 under UDAY Scheme. This should have been shown in the books of the accounts as liability payable to GoUP. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 1,282.95 crore, each.
		2018-19	490.17	Excess funding of ₹ 490.17 crore was claimed/received from the GoUP in the years 2017-18 and 2018-19 under UDAY scheme which should have been shown as liability payable to GoUP in the books of the accounts. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 490.17 crore, each.
5.	Lucknow Smart City Limited	2019-20	11.30	Capital Works-in-Progress does not include ₹ 11.30 crore, being provision for bills submitted by the firms for works executed during the year 2019-20, not made in the accounts. This resulted in understatement of Capital Works-in-Progress and Current Liabilities by ₹ 11.30 crore each.
6.	Noida Metro Rail Corporation Limited	2022-23	27.12	As per Note No. 1.3 read with Explanatory Note No. 1 for Note 1.1 of Balance Sheet, the Company has obtained leasehold land worth ₹ 339.00 crore from New Okhla Industrial Development Authority (NOIDA) and Greater Noida Industrial Development Authority (GNIDA) for a period of 90 years at a nominal lease rent of ₹ 1 per annum. As per the Registration Act, 1908, the lease of immovable property for a period exceeding one year is

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
7.	DMIC Integrated Industrial Township Greater Noida Limited	2021-22	25.20	required to be registered. However, the Company neither registered the lease nor provided for liability towards stamp duty and registration fees. This resulted in understatement of Other Current Assets (recoverable from NOIDA/GNIDA) and Other Current Liabilities by ₹ 27.12 crore. The Trade Payables does not include ₹ 25.20 crore being additional liability payable to Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) for the work of construction of 220 KV substation and associated lines. UPPTCL has submitted the revised cost estimates of ₹ 180.20 crore against advance paid by the Company of ₹ 155.00 crore due to the imposition of Goods and Service Tax and revision in supervision charges. This resulted in understatement of Trade Payables and Inventory by ₹ 25.20 crore each.
Total			5348.71	
Overstatement of Assets and Liabilities				
1.	Dakshinanchal Vidyut Vitran Nigam Limited	2021-22	1953.42	The Company booked grant receivable of ₹2159.69 crore under UDAY in General Reserve in previous year (2020-21) and transferred actual amount of received grant of ₹206.27 crore from General Reserve to Other Income in the Statement of Profit and Loss for the year 2021-22 which is incorrect as UDAY grant had already been received. This resulted in overstatement of General Reserve and Receivables from GoUP by ₹ 1,953.42 crore, each.
		2020-21	2159.69	General Reserve includes ₹2159.69 crore claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as the Company has already accounted for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted in overstatement of General Reserve and Receivables from GoUP by ₹2,159.69 crore.
2.	Paschimanchal Vidyut Vitran Nigam Limited	2021-22	886.41	Other Equity includes ₹ 886.41 crore being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. Hence, accounting of additional UDAY loss subsidy resulted into overstatement of General Reserve and Receivables from GoUP by ₹ 886.41 crore, each.
3.	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	14.99	Trade Receivables includes ₹ 14.99 crore shown as centage amount due from National Health Mission (NHM) for the year 2019-20 and from Director General of Medical Health (DGMH) for the year 2019-20 and 2020-21. The Company has received funds for purchase of drugs and equipment, and centage thereon but the same has been shown as unutilised fund under Short-term Borrowings without adjusting centage due. This resulted in overstatement of Trade Receivables and Short-term Borrowings (Unutilised Funds) by ₹ 14.99 crore.
Total			5014.51	
B. Statutory Corporation				
Overstatement of Profit				
1.	Uttar Pradesh Forest Corporation	2021-22	1.75	The Forest Development Activities (Schedule P) does not include an amount of ₹ 1.75 crore payable to the Tourism Department for organizing the International Cycle Rally (ICR) from Etawah (Saifai) to Agra on 26 & 27 November, 2016. Total budget allocation for ICR was ₹ 3.50 crore. As against total budget allocation of ₹ 3.50 crore, ₹1.75 crore was released to the Tourism Department by the Corporation. The remaining amount of ₹ 1.75 crore was not released to the Tourism Department for which no liability was provided in the accounts.

Sl. No.	Name of the SPSE	Period of Accounts	Monetary value of the comment (₹ in crore)	Comments in brief
	Total		1.75	This resulted in understatement of Current Liabilities & Provisions and overstatement of Profit by ₹ 1.75 crore.
Understatement of Loss				
1	Uttar Pradesh State Road Transport Corporation	2020-21	47.03	The Additional Tax does not include ₹ 47.03 crore being liability of additional tax short paid, pertaining to the period 2009 to 2020. Regarding the same, the Corporation had paid ₹ 6.94 crore during the year 2020-21 against amount payable of ₹ 53.97 crore. Despite the amount payable was a firm liability, the same has been incorrectly disclosed as 'Contingent Liability' in Notes to Accounts. This resulted in understatement of Current Liabilities (Additional Tax) and Licences and Taxes (Additional Tax) and understatement of 'Loss' for the year to the extent of ₹ 47.03 crore, each.
	Total		47.03	
Understatement of Assets and Liabilities				
1.	Uttar Pradesh State Road Transport Corporation	2020-21	5.84	The Corporation had maintained a Passenger Amenity fund for provision of amenities to passengers using road transport services without the direction/ approval of the State Government. During the year 2020-21, expenditure of ₹ 5.84 crore was incurred on free travel facility provided to women passengers on the celebration day of <i>Rakshabandhan</i> , and the same has been charged to the Passenger Amenity fund as per the decision of the Board. Contrary to the provision of Section 29 of Road Transport Corporations Act, 1950, this expenditure was accounted from Passenger Amenity fund without seeking approval from the State Government. This resulted in understatement of Passenger Amenity Fund and Sundry Debtors (Advances to Government Department) by ₹ 5.84 crore, each.
		2020-21	3.26	At Note No. 29 of the Notes to Accounts it is stated that "The interest received on bank deposit of <i>Yatri Rahat Yojana</i> and <i>Nirbhya</i> Fund has been shown as receipt of these funds." However, interest earned of ₹ 3.29 crore on deposits with ICICI Bank out of Nirbhya Fund during the period 2020-21 has not been accounted for in the books. This resulted in understatement of Reserve & Funds (Nirbhaya Fund) and Current Assets (Cash in Bank - in current account) by ₹ 3.26 crore, each.
	Total		9.10	
Overstatement of Assets and Liabilities				
1.	Uttar Pradesh State Road Transport Corporation	2020-21	3.30	The Nirbhaya Fund: ₹ 59.57 crore has been arrived at after deducting expenditure of ₹ 19.80 crore from the <i>Nirbhaya</i> Fund during the year 2019-20. However, the Corporation made payment of ₹ 23.10 crore for procurement of 50 Pink buses from this fund and other expenditure, against which expenditure of ₹ 19.80 crore only was booked in the accounts during the period 2019-20. This resulted in the overstatement of Reserve & Funds (<i>Nirbhaya</i> Fund) and Current Assets (Cash with bank in current account) by ₹ 3.30 crore (₹ 23.10 crore- ₹ 19.80 crore), each.
	Total		3.30	

Appendix 2.4
(Referred to in Paragraph 2.8)
Statement showing SPSEs wherein the Statutory Auditors reported non-compliance of AS/Ind AS

Sl. No.	Name of the SPSE	Year of financial statements	Name of mandatory AS/Ind AS
1	2	3	4
1	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2021-22	Ind AS- 1, 8, 19 and 20
2	Uttar Pradesh Power Transmission Corporation Limited	2021-22	Ind AS-1, 2, 16, 19, 20, 36, 107, 109 and 116
3	Purvanchal Vidyut Vitaran Nigam Limited	2022-23	Ind AS -2 and 19
4	Paschimanchal Vidyut Vitran Nigam Limited	2022-23	Ind AS-23 and 37
5	Dakshinanchal Vidyut Vitran Nigam Limited	2022-23	Ind AS-109
6	Madhyanchal Vidyut Vitaran Nigam Limited	2022-23	Ind AS-1, 2, 16, 19 and 20
7	U.P. Scheduled Castes Finance and Development Corporation Limited	2017-18	AS-29
8	Uttar Pradesh Food and Essential Commodities Corporation Limited	2010-11	AS-9, 10, 15 and 22
9	Uttar Pradesh Bhumi Sudhar Nigam	2019-20	AS-9, 22, 28 and 29
10	Uttar Pradesh Waqf Vikas Nigam Limited	2003-04	AS-15
11	Uttar Pradesh State Agro Industrial Corporation Limited	2010-11	AS-2
12	Uttar Pradesh Rajkiya Nirman Nigam Limited	2014-15	AS-1,2, 5, 7 and 29
13	Uttar Pradesh State Bridge Corporation Limited	2019-20	Ind AS-119
14	Uttar Pradesh Small Industries Corporation Limited	2011-12	AS-2, 3, 9, 12, 13, 15, 17, 18, 19, 21, 22, 23, 24, 28 and 29
15	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	2017-18	AS-16
16	Uttar Pradesh State Sugar Corporation Limited (Standalone)	2017-18	Ind AS-1, 2, 10, 12, 19, 24, 27, 36, 105 and 112
17	Uttar Pradesh Handicraft & Marketing Development Corporation Limited (Formerly Uttar Pradesh Export Corporation Limited)	2008-09	AS-2, 12, 15, 22 and 29
18	Uttar Pradesh State Tourism Development Corporation Limited	2017-18	AS-1, 2, 3, 9, 10, 15, 16, 17, 18, 19, 20 and 28
19	Uttar Pradesh State Spinning Company Limited	2018-19	AS-9
20	Uttar Pradesh Metro Rail Corporation Limited	2022-23	Ind AS-21 and 109
21	Shreetron India Limited	2021-22	AS-15
22	Uttar Pradesh Electronics Corporation Limited	2020-21	AS-15
23	Uttar Pradesh Police Avas Nigam Limited	2020-21	AS-2, 7 and 29
24	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	AS-12
25	Uttar Pradesh State Construction & Infrastructure Development Corporation Limited (Formerly Uttar Pradesh Samaj Kalyan Nirman Nigam Limited)	2020-21	AS-1
26	Prayagraj Smart City Limited	2021-22	Ind AS-101
27	Saharanpur Smart City Limited	2021-22	AS-3 and 7

Appendix 2.5
(Referred to in Paragraph 2.8)
Statement showing SPSEs wherein non-compliance with mandatory AS/ Ind AS was pointed out by the CAG

Sl. No.	Name of the SPSE	Year of financial statements	AS/ Ind AS	AS/ Ind AS not complied with
1	Dakshinanchal Vidyut Vitran Nigam Limited	2019-20	Ind AS	8, 20, and 23
2	Dakshinanchal Vidyut Vitran Nigam Limited	2020-21	Ind AS	8, 20, and 23
3	Dakshinanchal Vidyut Vitran Nigam Limited	2021-22	Ind AS	19, 20, and 23
4	Kanpur Electricity Supply Company Limited	2020-21	Ind AS	20
5	Kanpur Electricity Supply Company Limited	2021-22	Ind AS	20
6	Madhyanchal Vidyut Vitran Nigam Limited	2020-21	Ind AS	20
7	Pashchimanchal Vidyut Vitran Nigam Limited	2019-20	Ind AS	8, 20, and 23
8	Pashchimanchal Vidyut Vitran Nigam Limited	2020-21	Ind AS	1, 20, and 23
9	Paschimanchal Vidyut Vitran Nigam Limited	2021-22	Ind AS	1, 19, 23, and 20
10	Purvanchal Vidyut Vitran Nigam Limited	2020-21	Ind AS	1 and 20
11	Purvanchal Vidyut Vitran Nigam Limited	2021-22	Ind AS	1 and 20
12	Shreetron India Limited	2021-22	AS	2, 3, and 5
13	Uttar Pradesh Electronics Corporation Limited (Consolidated)	2017-18	AS	3, 4, and 29
14	Uttar Pradesh Electronics Corporation Limited (Standalone)	2017-18	AS	3 and 4
15	Uttar Pradesh Electronics Corporation Limited (Standalone)	2018-19	AS	13 and 12
16	Uttar Pradesh Jal Vidyut Nigam Limited	2021-22	AS	9
17	Uttar Pradesh Power Corporation Limited (Standalone)	2019-20	Ind AS	8
18	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (Consolidated)	2020-21	Ind AS	8 and 16
19	Uptron Powertronics Limited	2020-21	AS	3
20	Agra Smart City Limited	2021-22	AS	12
21	Aligarh Smart City Limited	2022-23	AS	12
22	Chhata Sugar Company Limited	2017-18	Ind AS	37
23	DMIC Integrated Industrial Township Greater Noida Limited	2021-22	Ind AS	8
24	Kanpur City Transport Services Limited	2010-11	AS	1
25	Kanpur City Transport Services Limited	2015-16	AS	1 and 5
26	Kanpur Smart City Limited	2016-17	AS	12
27	Kanpur Smart City Limited	2017-18	AS	12
28	The Pradeshiya Industrial & Investment Corporation of UP Limited	2020-21	AS	4 and 29
29	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	AS	2 and 12
30	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2021-22	Ind AS	7 8, 10, 16, 17, and 101
31	U.P. Projects Corporation Limited	2019-20	AS	4
32	Varanasi Smart City Limited	2021-22	AS	12 and 20

Source: Compiled from comments issued on financial statements of SPSEs

Appendix 2.6
(Referred to in Paragraph 2.9)
Statement showing Management Letters issued to SPSEs during the period
from 1 October 2022 to 30 September 2023

Sl. No.	Name of the SPSE	Year of financial statements	Number of accounts
1	2	3	
1	Pashchimanchal Vidyut Vitran Nigam Limited	2019-20 and 2020-21	2
2	Dakshinanchal Vidyut Vitran Nigam Limited	2021-22	1
3	Jawaharpur Vidyut Utpadan Nigam Limited	2021-22	1
4	Kanpur Electricity Supply Company Limited	2021-22	1
5	Purvanchal Vidyut Vitran Nigam Limited	2021-22	1
6	Shreetron India Limited	2020-21 and 2021-22	2
7	Uptron Powertronics Limited	2020-21	1
8	Kanpur Smart City Limited	2016-17 and 2017-18	2
9	Noida Metro Rail Corporation Limited	2022-23	1
10	The Pradeshiya Industrial & Investment Corporation of UP Limited	2020-21	1
11	Uttar Pradesh Jal Nigam	2013-14 to 2016-17	4
12	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	1
13	Uttar Pradesh Metro Rail Corporation Limited	2021-22 and 2022-23	2
14	Uttar Pradesh Police Awas Nigam Limited	2020-21	1
15	Uttar Pradesh State Construction & Infrastructure Development Corporation Limited	2019-20	1
16	Uttar Pradesh State Warehousing Corporation	2018-19	1
17	UP Projects Corporation Limited	2019-20	1
18	Varanasi Smart City Limited	2021-22	1

Appendix 3.1
(Referred to in Paragraphs 3.6, 3.7, 3.8, 3.10, 3.11, and 3.20)
Statement showing status of Independent Directors, Woman Directors, Board Meetings, Audit Committees, Nomination and Remuneration Committees (NRC), and Key Managerial Personnel (KMP) in SPSEs

Sl. No.	Name of the SPSE	Requirement of Independent Director		No. of Independent Directors as on 31-03-2023	No. of Women Directors as on 31-03-2023	Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Women Director			Audit Committee	NRC	KMP		
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh Rajkiya Nirman Nigam Limited	2	1		1	Yes	Yes		1	1
2	The Pradeshiya Industrial and Investment Corporation of UP Limited	2	1	1	1	Yes	Yes	Yes	3	1
3	Uttar Pradesh State Spinning Company Limited	2				Yes	Yes	Yes	4	
4	Uttar Pradesh Power Transmission Corporation. Limited	2	1		1	Yes	Yes	Yes	9	6
5	Uttar Pradesh Electronics Corporation Limited	2				Yes	Yes	Yes	2	2
6	Jawaharpur Vidyut Utpadan Nigam Limited		1					Yes	6	
7	Shretron India Limited								3	
8	Paschimanchal Vidyut Vitran Nigam Limited		1		1			Yes	10	
9	DMIC Integrated Industrial Township Greater Noida Limited	2	1	2	1	Yes	Yes	Yes	5	4
10	Uttar Pradesh State Handloom Corporation Limited	2				Yes	Yes	Yes	1	1
11	Uttar Pradesh Export Promotion Council								2	
12	Noida International Airport Limited							Yes	3	
13	Uttar Pradesh State Bridge Corporation Limited	2	1			Yes	Yes	Yes	1	1
14	Uttar Pradesh Development Systems Corporation Limited	2	1			Yes	Yes		2	1
15	UPSIDC Power Company Limited								0	
16	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2	1		1	Yes	Yes	Yes	11	4

Sl. No.	Name of the SPSE	Requirement of Independent Director		No. of Independent Directors as on 31-03-2023	No. of Women Directors as on 31-03-2023	Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Women Director			Audit Committee	NRC	KMP		
1	2	3	4	5	6	7	8	9	10	11
17	Madhyanchal Vidyut Vitran Nigam Limited		1		1			Yes	9	
18	Uttar Pradesh Small Industries Corporation Limited	2	1			Yes	Yes		3	
19	Noida Metro Rail Corporation Limited		1		1			Yes	4	
20	Uttar Pradesh State Tourism Development Nigam Limited	2				Yes	Yes	Yes	4	
21	Dakshinanchal Vidyut Vitran Nigam Limited		1		1			Yes	10	
22	Uptron Powertronics Limited								2	
23	Purvanchal Vidyut Vitran Nigam Limited		1		1			Yes	10	
24	Uttar Pradesh Power Corporation Limited	2	1		1	Yes	Yes	Yes	13	11
25	Uttar Pradesh Jal Vidyut Utpadan Nigam Limited	2	1			Yes	Yes	Yes	0	4
26	UCM Coal Company Limited								0	
27	Kanpur Electricity Supply Company Limited		1		1			Yes	7	
28	Almora Magnesite Limited								0	
29	Uttar Pradesh Handicrafts Development and Marketing Corporation Limited								0	
30	Uttar Pradesh Alp Sankhayak Vittiya Evam Vikas Nigam Limited	2				Yes	Yes	Yes	1	
31	Uttar Pradesh Waqf Vikas Nigam Limited							Yes	1	
32	Uttar Pradesh Drug and Pharmaceuticals Corporation Limited								0	
33	Uttar Pradesh Medical Supplies Corporation Limited	2		1 ²		Yes	Yes	Yes	4	3

² During the year 2022-23, there was an independent director in Uttar Pradesh Medical Supplies Corporation Limited up to 21.03.2023.

Sl. No.	Name of the SPSE	Requirement of Independent Director		No. of Independent Directors as on 31-03-2023	No. of Women Directors as on 31-03-2023	Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Women Director			Audit Committee	NRC	KMP		
1	2	3	4	5	6	7	8	9	10	11
34	Uttar Pradesh Pichhara Varg Vitta Eyam Vikas Nigam Limited	2				Yes	Yes	Yes	1	
35	Uttar Pradesh Mahila Kalyan Nigam Limited								0	
36	Uttar Pradesh State Construction and Infrastructure Development Corporation Limited	2	1		1	Yes	Yes		5	
37	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2	1		1	Yes	Yes		4	2
38	U.P. Scheduled Castes Finance and Development Corporation Limited	2	1			Yes	Yes	Yes	4	
39	Agra Mathura City Transport Services Limited								0	
40	Kanpur City Transport Services Limited								1	
41	Lucknow City Transport Services Limited							Yes	2	
42	Meerut City Transport Services Limited								0	
43	Varanasi City Transport Services Limited								0	
44	Allahabad City Transport Services Limited								0	
45	Aligarh Smart City Limited								4	
46	Bareilly Smart City Limited							Yes	4	
47	Jhansi Smart City Limited								4	
48	Kanpur Smart City Limited	2	1	2	1	Yes	Yes	Yes	2	
49	Lucknow Smart City Limited	2	1			Yes	Yes	Yes	3	1
50	Saharanpur Smart City Limited								10	
51	Varanasi Smart City Limited	2	1	2	1	Yes	Yes	Yes	5	4
52	Moradabad Smart City Limited	2	1			Yes	Yes	Yes	4	
53	Agra Smart City Limited	2	1	2	1	Yes	Yes	Yes	5	4
54	Prayagraj Smart City Limited	2	1		1	Yes	Yes	Yes	5	

Sl. No.	Name of the SPSE	Requirement of		No. of Independent Directors as on 31-03-2023	No. of Women Directors as on 31-03-2023	Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Women Director			Audit Committee	NRC	KMP		
1	2	3	4	5	6	7	8	9	10	11
55	Uttar Pradesh Police Avas Nigam Limited	2				Yes	Yes		4	1
56	Uttar Pradesh Metro Rail Corporation Limited		1		1			Yes	4	
57	UP Projects Corporation Limited	2	1		1	Yes	Yes		4	3
58	Uttar Pradesh Bhumi Sudhar Nigam								0	
59	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited		1					Yes	4	
60	Uttar Pradesh State Sugar Corporation Limited	2	1		1	Yes	Yes	Yes	4	1
61	Uttar Pradesh Matsya Vikas Nigam Limited								3	
62	UP Rajya Krishi Evam Gramin Vikas Nigam Limited								5	
63	Uttar Pradesh State Agro Industrial Corporation Limited	2	1			Yes	Yes	Yes	1	
64	Uttar Pradesh Beej Vikas Nigam Limited	2				Yes	Yes		2	2
65	Uttar Pradesh State Food and Essential Commodities Corporation Limited	2				Yes	Yes		1	
66	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited								2	

Appendix 3.2
(Referred to in Paragraph 3.22)
Statement showing the Internal Audit Framework in SPSEs

Sl. No.	Name of the SPSE	Frequency of Internal Audit	Internal audit conducted by
1	2	3	4
1	The Pradeshiya Industrial and Investment Corporation of UP Limited	Half-yearly	CA
2	Uttar Pradesh State Spinning Company Limited	Nil	Nil
3	Uttar Pradesh Power Transmission Corporation Limited	Annually	CA
4	Uttar Pradesh Electronics Corporation Limited	Quarterly	CA
5	Jawaharpur Vidyut Utpadan Nigam Limited	Annually	ICWA
6	Paschimanchal Vidyut Vitran Nigam Limited	Annually	CA/ICWA
7	DMIC Integrated Industrial Township Greater Noida	Half-yearly	CA
9	Uttar Pradesh Power Corporation Limited	Half-yearly	CA
10	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Annually	CA
11	Madhyanchal Vidyut Vitaran Nigam Limited	Half-yearly	CA
12	Noida Metro Rail Corporation Limited	Quarterly	CA
13	Dakshinanchal Vidyut Vitran Nigam Limited	Annually	CA/ICWA
14	Purvanchal Vidyut Vitaran Nigam Limited	Annually	CA/ICWA
15	Uttar Pradesh Jal Vidyut Nigam Limited	Annually	CA
16	Kanpur Electricity Supply Company Limited	Annually	CA
17	U.P. Scheduled Castes Finance and Development Corporation Limited	Annually	Departmental
18	Bareilly Smart City Limited	Quarterly	CA
19	Kanpur Smart City Limited	Nil	Nil
20	Lucknow Smart City Limited	Quarterly	CA
21	Varanasi Smart City Limited	Quarterly	CA
22	Moradabad Smart City Limited	Nil	Nil
23	Agra Smart City Limited	Quarterly	CA
24	Prayagraj Smart City Limited	Annually	CA
25	Uttar Pradesh Metro Rail Corporation Limited	Quarterly	CA
26	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	Nil	Nil
27	Uttar Pradesh State Sugar Corporation Limited	Nil	Nil
28	Uttar Pradesh State Agro Industrial Corporation Limited	Nil	Nil
29	Uttar Pradesh Rajkiya Nirman Nigam Limited	Annually	CA
30	Uttar Pradesh State Bridge Corporation Limited	Annually	Departmental
31	Uttar Pradesh Development System Company Limited	Quarterly	CA
32	Uttar Pradesh Small Industries Corporation Limited	Nil	Nil
33	Uttar Pradesh State Construction and Infrastructure Development Corporation Limited	Annually	CA
34	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	Quarterly	CA
35	Uttar Pradesh Police Avas Nigam Limited	Quarterly	CA
36	UP Projects Corporation Limited	Annually	CA
37	Uttar Pradesh State Food and Essential Commodities Corporation Limited	Nil	Nil
38	Agra Mathura City Transport Services Limited	Annually	CA

Appendix 4.1
(Referred to in Paragraph 4.1)
Statement showing Indian Accounting Standards (Ind AS) in effect as on 31 March 2023

Sl. No.	No. of Ind AS	Description of Ind AS	Remarks
1	2	3	4
1.	Ind AS 101	First-Time Adoption of Indian Accounting Standards	--
2.	Ind AS 102	Share-Based Payment	--
3.	Ind AS 103	Business Combinations	--
4.	Ind AS 104	Insurance Contracts	--
5.	Ind AS 105	Non-Current Assets Held for Sale and Discontinued Operations	--
6.	Ind AS 106	Exploration for and Evaluation of Mineral Resources	--
7.	Ind AS 107	Financial Instruments and Disclosure	--
8.	Ind AS 108	Operating Segments	--
9.	Ind AS 109	Financial Instruments	--
10.	Ind AS 110	Consolidated Financial Statements	--
11.	Ind AS 111	Joint Arrangements	--
12.	Ind AS 112	Disclosure of Interests in Other Entities	--
13.	Ind AS 113	Fair Value Measurement	--
14.	Ind AS 114	Regulatory Deferral Accounts	--
15.	Ind AS 115	Revenue from Contracts with Customers (Applicable from April 2018)	Omitted (March 2016) and re-notified (March 2018)
16.	Ind AS 116	Leases	Notified (March 2019)
17.	Ind AS 1	Presentation of Financial Statements	--
18.	Ind AS 2	Inventories	--
19.	Ind AS 7	Statement of Cash Flows	--
20.	Ind AS 8	Accounting Policies, Changes in Accounting Estimates and Errors	--
21.	Ind AS 10	Events After the Reporting Period	--
22.	Ind AS 12	Income Taxes	--
23.	Ind AS 16	Property, Plant and Equipment	--
24.	Ind AS 19	Employee Benefits	--
25.	Ind AS 20	Accounting for Government Grants and Disclosure of Government Assistance	--
26.	Ind AS 21	The Effects of Changes in Foreign Exchange Rates	--
27.	Ind AS 23	Borrowing Costs	--
28.	Ind AS 24	Related Party Disclosures	--
29.	Ind AS 27	Separate Financial Statements	--
30.	Ind AS 28	Investments in Associates and Joint Ventures	--
31.	Ind AS 29	Financial Reporting in Hyperinflationary Economies	--
32.	Ind AS 32	Financial Instruments: Presentation	--
33.	Ind AS 33	Earnings Per Share	--
34.	Ind AS 34	Interim Financial Reporting	--
35.	Ind AS 36	Impairment of Assets	--
36.	Ind AS 37	Provisions, Contingent Liabilities and Contingent Assets	--
37.	Ind AS 38	Intangible Assets	--
38.	Ind AS 40	Investment Property	--
39.	Ind AS 41	Agriculture	--

Appendix 4.2
(Referred to in Paragraph 4.3)
Statement showing SPSEs that have adopted Ind AS

Sl. No.	Name of the SPSE	Year of adoption of Ind AS	Status	Remarks
1	2	3	4	5
Phase-I (2016-17)				
1.	Uttar Pradesh Power Corporation Limited	2016-17	Working	Holding Company of five DISCOMs (Sl. No. 2 to 6) in Uttar Pradesh.
2.	Purvanchal Vidyut Vitran Nigam Limited	2016-17	Working	Subsidiaries of Uttar Pradesh Power Corporation Limited.
3.	Pashchimanchal Vidyut Vitran Nigam Limited	2016-17	Working	
4.	Madhyanchal Vidyut Vitran Nigam Limited	2016-17	Working	
5.	Dakshinanchal Vidyut Vitran Nigam Limited	2016-17	Working	
6.	Kanpur Electricity Supply Company Limited	2016-17	Working	
7.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2016-17	Working	
8.	Jawaharpur Vidyut Utpadan Nigam Limited	2016-17	Working	Subsidiary of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited.
9.	UCM Coal Company Limited	2016-17	No commercial activity since inception (10/ 2008)	This company is a Joint Venture of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Chhattisgarh Mineral Development Corporation Limited and Maharashtra State Power Generation Company Limited.
10.	Uttar Pradesh Power Transmission Corporation Limited	2016-17	Working	-
11.	DMIC Integrated Industrial Township Noida	2016-17	Working	-
12.	Almora Magnesite Limited	2016-17	Working	This company is a Joint Venture of Steel Authority of India Limited, TRL Krosaki Refractories Limited and State Infrastructure and Industrial Development Corporation of Uttarakhand Limited.
13.	Uttar Pradesh State Sugar Corporation Limited	2016-17	Working	Holding Company of four Companies (Sl. no. 14 to 17)
14.	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	2016-17	Working	Subsidiaries of Uttar Pradesh State Sugar Corporation Limited. Companies at Sl. No. 15 to 17 adopted Ind AS for preparation of financial statements for the year 2017-18 instead of 2016-17, as pointed out in paragraph 4.5.1 .
15.	Nandganj Sihori Sugar Company Limited	2017-18	Commercial activity closed since 2009-10	
16.	Ghatampur Sugar Company Limited	2017-18		
17.	Chhata Sugar Company Limited	2017-18		
18.	Uttar Pradesh Metro Rail Corporation Limited	2017-18	Working	As per the applicable net worth, the Company adopted Ind AS for preparation of financial statements for the year 2017-18.

Sl. No.	Name of the SPSE	Year of adoption of Ind AS	Status	Remarks
1	2	3	4	5
Phase-II (2017-18)				
19.	Noida Metro Rail Corporation Limited	2017-18	Working	--
20.	Uttar Pradesh State Bridge Corporation Limited	2019-20	Working	As per the applicable net worth, the Company adopted Ind AS for preparation of financial statements for the year 2019-20.
21.	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2021-22	Working	The Company adopted Ind AS for preparation of financial statements for the year 2021-22 instead of 2018-19, as pointed out in paragraph 4.5.1 .
22.	Noida International Airport Limited	2020-21	Working	As per the applicable net worth, the Company adopted Ind AS for preparation of financial statements for the year 2020-21.
23.	Uttar Pradesh Jal Vidyut Nigam Limited	2022-23	Working	As per the applicable net worth, the Company adopted Ind AS for preparation of financial statements for the year 2022-23.
Voluntary Adoption				
24.	Moradabad Smart City Limited	2018-19	Working	The Company adopted Ind AS voluntarily for the preparation of its first financial statements for the year 2018-19.
25.	Lucknow Smart City Limited	2019-20	Working	--
26.	Prayagraj Smart City Limited	2021-22	Working	--

Appendix 4.3
(Referred to in Paragraph 4.4)
Statement showing status of options/exemptions availed by SPSEs while first-time adoption of Ind AS

Sl. No	Name of the SPSE	Ind AS 16 (Property, Plant & Equipment), Ind AS 38 (Intangible Assets), and Ind AS 40 (Investment Property)		Ind AS 17 (Lease Classification)		Ind AS 27 (Separate Financial Statements)	
		Fair Value	Carrying Value	Transition Date	Prospectively	Cost	In accordance with Ind AS 109
1	2	3	4	5	6	7	8
Phase-I (2016-17)							
1.	Uttar Pradesh Power Corporation Limited	-	Yes	-	-	Yes	-
2.	Purvanchal Vidyut Vitran Nigam Limited	-	Yes	-	-	-	-
3.	Pashchimanchal Vidyut Vitran Nigam Limited	-	Yes	-	-	-	-
4.	Madhyanchal Vidyut Vitran Nigam Limited	-	Yes	-	-	-	-
5.	Dakshinanchal Vidyut Vitran Nigam Limited	-	Yes	-	-	-	-
6.	Kanpur Electricity Supply Company Limited	-	Yes	-	-	-	-
7.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	-	Yes	-	-	-	-
8.	Jawaharpur Vidyut Utpadan Nigam Limited	-	Yes	-	-	-	-
9.	UCM Coal Company Limited	-	Yes	-	-	-	-
10.	Uttar Pradesh Power Transmission Corporation Limited	-	Yes	-	-	-	-
11.	DMIC Integrated Industrial Township Greater Noida Limited	-	Yes	-	-	-	-
12.	Almora Magnesite Limited	-	Yes	Yes	-	-	-
13.	Uttar Pradesh State Sugar Corporation Limited	-	Yes	-	-	-	-
14.	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	-	Yes	-	-	-	-
15.	Nandganj Sihori Sugar Company Limited	-	Yes	-	-	-	-
16.	Ghatampur Sugar Company Limited	-	Yes	-	-	-	-
17.	Chhata Sugar Company Limited	-	Yes	-	-	-	-
18.	Uttar Pradesh Metro Rail Corporation Limited (erstwhile Lucknow Metro Rail Corporation Limited)	-	Yes	-	-	-	-
19.	Noida Metro Rail Corporation Limited	-	Yes	-	-	-	-
20.	Uttar Pradesh State Bridge Corporation Limited	-	Yes	-	-	-	-
21.	Uttar Pradesh Purva Sainik Kalayan Nigam Limited	-	Yes	-	-	-	-
22.	Noida International Airport Limited	-	Yes	-	-	-	-

Sl. No	Name of the SPSE	Ind AS 16 (Property, Plant & Equipment), Ind AS 38 (Intangible Assets), and Ind AS 40 (Investment Property)		Ind AS 17 (Lease Classification)		Ind AS 27 (Separate Financial Statements)	
		Fair Value	Carrying Value	Transition Date	Prospectively	Cost	In accordance with Ind AS 109
1	2	3	4	5	6	7	8
23.	Uttar Pradesh Jal Vidyut Nigam Limited	-	Yes	-	-	-	-
24.	Prayagraj Smart City Limited	-	Yes	-	-	-	-
25.	Lucknow Smart City Limited	-	Yes	-	-	-	-

Appendix 4.4
(Referred to in Paragraph 4.8)

Statement showing factors/reasons contributing to the increase/decrease in Profit After Tax (PAT)

Sl. No.	Name of the SPSE	Contributing factors/reasons	
		Increase	Decrease
1	2	3	4
1.	Uttar Pradesh Power Corporation Limited	Increase by ₹ 8.25 crore due to increase in other income (₹ 7.94 crore), decrease in employees' benefit expenses and administration, general & other expenses (₹ 0.017 crore), and adjustment of prior period expenses (₹ 0.29 crore).	Decrease by ₹ 125.27 crore due to increase in power purchase expenses by ₹ 125.27 crore.
2.	Purvanchal Vidyut Vitran Nigam Limited	Increase by ₹ 263.50 crore due to decrease in employees' benefit expenses (₹ 73.84 crore), depreciation and amortization expenses (₹ 93.39 crore), administration, general & other expenses (₹ 2.88 crore), and adjustment in prior period expenses (₹ 93.39 crore).	Decrease by ₹ 19.27 crore due to decrease in other income (₹ 14.20 crore) and increase in finance cost (₹ 5.07 crore).
3.	Pashchimanchal Vidyut Vitran Nigam Limited	Increase by ₹ 22.34 crore due to increase in revenue (₹ 3.29 crore), decrease in finance costs (₹ 17.01 crore), and adjustment in prior period expenses (₹ 2.04 crore).	Decrease by ₹ 17.80 crore due to increase in employees' benefit expenses (₹ 17.62 crore), administrative, general & other expenses (₹ 0.0087 crore), and repairs & maintenance cost (₹ 0.17 crore).
4.	Madhyanchal Vidyut Vitran Nigam Limited	Increase by ₹ 72.97 crore due to decrease in employees' benefit expenses (₹ 1.16 crore), depreciation & amortization expenses (₹ 0.70 crore), and adjustment in prior period expenses (₹ 71.11 crore).	Decrease by ₹ 2.01 crore due to decrease in revenue from operations and other income (₹ 2.01 crore).
5.	Dakshinanchal Vidyut Vitran Nigam Limited	Increase by ₹ 108.44 crore due to adjustment of prior period expenses.	Decrease by ₹ 20.29 crore due to increase in employees' benefit expenses (₹ 16.83 crore) and administration and general expenses (₹ 3.46 crore).
6.	Kanpur Electricity Supply Company Limited	Increase by ₹ 1.41 crore due to adjustment in prior period expenses.	Decrease by ₹ 0.24 crore due to increase in employees' benefit expenses (₹ 0.03 crore), depreciation & amortization expenses (₹ 0.03 crore), and repair & maintenance expenses (₹ 0.18 crore).
7.	Uttar Pradesh Power Transmission Corporation Limited	-	Decrease by ₹ 132.03 crore due to decrease in revenue from operations (₹ 40.07 crore), and other income (₹ 17.78 crore) and increase in employees' benefit expenses (₹ 22.63 crore), finance cost (₹ 0.40 crore), depreciation and amortization expenses (₹ 29.00 crore), administration and general expenses (₹ 7.22 crore), repair & maintenance expenses (₹ 0.06 crore), and adjustment of prior period expenses (₹ 14.87 crore).
8.	Almora Magnesite Limited	Increase by ₹ 0.44 crore due to decrease in depreciation and amortization expenses (₹ 0.02 crore), other expenses (₹ 0.001 crore), and employee benefit expenses (₹ 0.42 crore).	Decrease by ₹ 0.03 crore due to decrease in revenue from operations (₹ 0.02 crore), and administration & selling expenses (₹ 0.01 crore).

Sl. No.	Name of the SPSE	Contributing factors/reasons	
		Increase	Decrease
1	2	3	4
9.	Uttar Pradesh Metro Rail Corporation Limited	Increase by ₹ 1.63 crore due to increase in revenue from operation (₹ 0.0043 crore), decrease in employees' benefit expenses (₹ 0.43 crore), other expenses (₹ 0.70 crore), and adjustment of prior period expenses (₹ 0.50 crore).	Decrease by ₹ 0.66 crore due to decrease in other income (₹ 0.004 crore), adjustment of prior period revenue (₹ 0.025 crore), and increase in operating expenses (₹ 0.63 crore).
10.	Noida Metro Rail Corporation Limited	Increase by ₹ 1.56 crore due to adjustment of exceptional items.	Decrease by ₹ 0.36 crore due to increase in operating expenses (₹ 0.18 crore), employees' benefit expenses (₹ 0.03 crore), and other expenses (₹ 0.15 crore).

Appendix 4.5
(Referred to in Paragraph 4.8)

Statement showing factors/reasons contributing to the increase/decrease in total assets

Sl. No.	Name of the SPSE	Contributing factors/reasons	
		Increase	Decrease
1	2	3	4
1.	Uttar Pradesh Power Corporation Limited	Increase by ₹ 8.60 crore due to adjustments in capital work in progress (₹ 0.39 crore), and other current assets (₹ 8.21 crore).	Decrease by ₹ 0.05 crore due to the correct classification of depreciation that had been incorrectly charged in prior periods.
2.	Purvanchal Vidyut Vitran Nigam Limited	-	Decrease by ₹ 1,064.12 crore due to restatements in short-term loans and advances (₹ 2.23 crore), other current assets (₹ 938.06 crore), and inter-unit transfers (₹ 123.83 crore).
3.	Pashchimanchal Vidyut Vitran Nigam Limited	--	Decrease by ₹ 747.12 crore due to reclassification in other current assets (₹ 568.52 crore), adjustments in inter-unit transfers (₹ 177.67 crore), and short-term loans and advances (₹ 0.93 crore).
4.	Uttar Pradesh Power Transmission Corporation Limited	Increase by ₹ 48.25 crore due to adjustments in capital work in progress.	Decrease by 124.17 crore due to adjustments in property, plant & equipment (₹ 65.03 crore), other intangible assets (₹ 0.07 crore), trade receivables (₹ 43.97 crore), and other current assets (₹ 15.10 crore).
5.	Almora Magnesite Limited	Increase by ₹ 1.19 crore due to increase in financial assets (₹ 0.003 crore), other current assets (₹ 0.71 crore), current tax assets (net) (₹ 0.43 crore), property, plant & equipment (₹ 0.04 crore), and intangible assets (₹ 0.005 crore).	Decrease by ₹ 1.16 crore due to decrease in short-term loans and advances (₹ 1.14 crore), and deferred tax assets (₹ 0.02 crore).
6.	Noida International Airport Limited	Increase by ₹ 3,605.30 crore due to increase in capital work in progress (₹ 4.43 crore), other current assets (₹ 0.008 crore), and other assets (₹ 3,600.87 crore).	Decreases by ₹ 3,606.03 crore due to decrease in other financial assets (₹ 3,605.12 crore), and deferred tax assets (₹ 0.91 crore).

Appendix 5.1
(Referred to in Paragraph 5.3)
Statement showing SPSEs fulfilling the qualifying criteria for the implementation of CSR activities as per their latest finalised financial statements

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Net profits ³ of the SPSE for the applicability of CSR provisions				Total of three years' profit	Average of three years' profit	Two per cent of the average of three years' profit	Selected/ not selected	Reasons for selection/ non-selection		
			Year	Net Profit/ Loss before Tax	Year	Net Profit/ Loss before Tax						Year	Net Profit/ Loss before Tax
1	2	3	4	5	6	7	8	9	10= (Col. 5 + Col. 7 + Col. 9)	11= (Col. 10/3)	12= (Two per cent of Col. 11)	13	14
1	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2021-22	2020-21	-49.35	2019-20	116.31 ⁴	2018-19	136.72 ⁵	203.68	67.89	1.36	Selected	Allocable profit
2	Uttar Pradesh Jal Vidyut Nigam Limited	2021-22	2020-21	3.28	2019-20	-18.81	2018-19	-25.38	-40.91	NA	NA	Not Selected	Loss-making
3	Jawaharpur Vidyut Utpadan Nigam Limited	2021-22	2020-21	0.95	2019-20	2.52	2018-19	3.74	7.21	2.40	0.05	Selected	Allocable profit
4	Uttar Pradesh Power Corporation Limited	2021-22	2020-21	54.51 ⁶	2019-20	578.55	2018-19	-385.31 ⁷	247.75	82.58	1.65	Selected	Allocable profit
5	Purvanchal Vidyut Vitaran Nigam Limited	2022-23	2021-22	-150.47	2020-21	-3566.14	2019-20	-1204.3	-4920.91	NA	NA	Not Selected	Loss-making
6	Paschimanchal Vidyut Vitaran Nigam Limited	2022-23	2021-22	-365.18	2020-21	-3735.97	2019-20	-1067.86	-5169.01	NA	NA	Not Selected	Loss-making
7	Madhyanchal Vidyut Vitaran Nigam Limited	2022-23	2021-22	-1665.24	2020-21	-925.81	2019-20	-659.99	-3251.04	NA	NA	Not Selected	Loss-making

³ Negative figures represent net loss.

⁴ Net profit of ₹ 116.91 crore *minus* adjustment of ₹ 0.60 crore.

⁵ Net profit of ₹ 160.92 crore *minus* adjustment of ₹ 24.20 crore.

⁶ Net profit of ₹ 125.60 crore *minus* adjustment of ₹ 71.09 crore.

⁷ Net loss of ₹ 356.27 crore *plus* adjustment of ₹ 29.04 crore.

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Net profits ⁸ of the SPSE for the applicability of CSR provisions						Total of three years' profit	Average of three years' profit	Two per cent of the average of three years' profit	Selected/ not selected	Reasons for selection/ non-selection
			Year	Net Profit/ Loss before Tax	Year	Net Profit/ Loss before Tax	Year	Net Profit/ Loss before Tax					
1	2	3	4	5	6	7	8	9	10= (Col. 5 + Col. 7 + Col. 9)	11= (Col. 10/3)	12= (Two per cent of Col. 11)	13	14
8	Dakshinanchal Vidyut Vitaran Nigam Limited	2022-23	2021-22	-2713.87	2020-21	-2241.24	2019-20	-629.03	-5584.14	NA	NA	Not Selected	Loss-making
9	Kanpur Electricity Supply Company Limited	2022-23	2021-22	-215.45	2020-21	-172.1	2019-20	-231.05	-618.60	NA	NA	Not Selected	Loss-making
10	Uttar Pradesh Metro Rail Corporation Limited (Lucknow Metro)	2022-23	2021-22	-313.74	2020-21	-329.03	2019-20	-251.51	-894.28	NA	NA	Not Selected	Loss-making
11	NOIDA Metro Rail Corporation Limited	2022-23	2021-22	-95.24	2020-21	-78.29	2019-20	-92.25	-265.78	NA	NA	Not Selected	Loss-making
12	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2021-22	2020-21	51.35	2019-20	62.97	2018-19	54.71	169.03	56.34	1.13	Selected	Allocable profit
13	Uttar Pradesh Police Avas Nigam Limited	2020-21	2019-20	-6.46	2018-19	-9.14	2017-18	-0.91	-16.51	NA	NA	Not Selected	Loss-making
14	Uttar Pradesh Medical Supplies Corporation Limited	2020-21	2019-20	28.6	2018-19	-2.43	2017-18	The company was incorporated on 23 March 2018, hence no requirement for the preparation of FS	26.17	13.09 ⁸	0.26	Selected	Allocable profit

⁸ Only two years' average taken.

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Net profits ³ of the SPSE for the applicability of CSR provisions						Total of three years' profit	Average of three years' profit	Two per cent of the average of three years' profit	Selected/ not selected	Reasons for selection/ non-selection
			Year	Net Profit/ Loss before Tax	Year	Net Profit/ Loss before Tax	Year	Net Profit/ Loss before Tax					
1	2	3	4	5	6	7	8	9	10= (Col. 5 + Col. 7 + Col. 9)	11= (Col. 10/3)	12= (Two per cent of Col. 11)	13	14
15	Uttar Pradesh Rajkiya Nirman Nigam Limited	2014-15	2013-14	136.95	2012-13	115.29	2011-12	207.19	459.43	153.14	3.06	Selected	Allocable profit
16	Uttar Pradesh State Bridge Corporation Limited	2019-20	2018-19	35.55	2017-18	24.92	2016-17	26.64	87.11	29.04	0.58	Selected	Allocable profit
17	Uttar Pradesh Development Systems Corporation Limited	2020-21	2019-20	12.36	2018-19	18.94	2017-18	12.21	43.51	14.50	0.29	Selected	Allocable profit
18	U.P. Projects Corporation Limited	2019-20	2018-19	2.93	2017-18	13.94	2016-17	37.99	54.86	18.29	0.37	Selected	Allocable profit
19	DMIC Integrated Industrial Township Greater Noida Limited	2021-22	2020-21	24.73	2019-20	7.81	2018-19	-114.15	-81.61	NA	NA	Not Selected	Loss-making

Source: Financial Statements of the SPSEs

NA stands for Not Applicable

**Appendix 6.1
(Referred to in Paragraph 6.8)**

Statement showing details of information/records not furnished by the Company

Sl. No.	Reference	Date of Issue	Records/Information not furnished to Audit
Head Office of the Company			
1.	Audit Requisition:11	06-04-2023	Correspondence files related to preliminary estimates, files relating to sanction of preliminary estimates, correspondence files related to TS and signed copy of TS granted during 2018-19 to 2022-23
2.	Audit Requisition:14	13-04-2023	Information related to Column No. 8 and 9 (date of completion of work and date of handover of work to client)
3.	Audit Requisition:04	20-07-2023	Details/Records of works executed during 2018-19 to 2022-23 in the format
4.	Audit Requisition:05	20-07-2023	Details of works executed through contractor/sublet during 2018-19 to 2022-23 in the format
5.	Audit Enquiry:03	21-07-2023	Information relating to no. of test prescribed, test reports and details of various instruments procured and used etc.
6.	Audit Requisition:08	21-07-2023	Details of Hqrs/field posting, transfer orders, personnel hired through GeM and promotions issued during 2018-19 to 2022-23.
7.	Audit Observation:08	24-07-2023	Ledger accounts of different heads of 78 sampled work
8.	Audit Requisition:14	24-07-2023	Details of monthly balance and copies of bank statements
9.	Audit Requisition:16	24-07-2023	Details/Records relating to Welfare cess, centage, interest, Income Tax <i>etc.</i>
10.	Audit Requisition:19	12-10-2023	Year wise details of TS granted during 2018-19 to 2022-23 in the format
11.	Audit Requisition:18	12-10-2023	Signed copy and soft copy of compilation of Annual Financial Statements for the years 2018-19- 2022-23, details of interest earned on clients' fund, along with details of accounts in which clients fund is maintained, procedure adopted for bifurcation of interest earned (hqrs share & clients share), party wise and age wise analysis of debtors as on 31 March 2023.
12.	Audit Requisition:21	21-10-2023	Details/Records relating to BG/FDR submitted as EMD/Performance Security in the works for the years 2018-19 to 2022-23
13.	Audit Requisition:22	21-10-2023	Details of DDOs, returns, mechanism developed to monitor and regulate the procurement through GeM, constrains in procurement through GeM, directions issued and action taken for not procurement of goods and services through GeM <i>etc.</i>
14.	Audit Enquiry:11	27-10-2023	Unit wise details of Sanctioned Post, actual requirement and staff posted in the format
15.	Audit Requisition:26	30-10-2023	Details of manpower outsourced and payment thereof, recruitment, promotion, transfer/ posing, leave encashment, VRS, superannuation cum pension policy/guideline
16.	Audit Enquiry:12	01-11-2023	Details of FA appointed from 2018-19 onwards, service from which FA belongs, copy of appointment letter and copy of GO/Circular/Order regarding qualification required for appointment of FA
17.	Audit Observation:20	08-11-2023	Files relating to appointment of remaining 60 sampled work
18.	Audit Observation:22	08-11-2023	Partially replied. Acquisition cost and present value of shuttering materials/machineries lying as on 31 March 2019, 2020, 2021, 2022 and 2023, details of serviceable and unserviceable materials/ machineries lying as on 31 March 2020, 2021 and 2022, details of purchase and disposal of materials/machineries during 2018-19 to 2022-23, committee report <i>etc.</i>
19.	Audit Requisition:30	09-11-2023	Files related to purchase of maintenance of IT hardware/software and records related to software applications
20.	Audit Requisition:31	21-11-2023	Details/Status of work/project from E-Portal (FMS) as on 31 March 2023 and year wise details of work/project/closed/deleted from E-Portal (FMS) during 2018-19 to 2022-23
21.	Audit Enquiry:13	23-11-2023	Correspondence files and details of legal fee paid

Sl. No.	Reference	Date of Issue	Records/Information not furnished to Audit
22.	Audit Requisition:33	25-11-2023	Annexures mentioned in the reply
23.	Audit Requisition:35	28-11-2023	Arrears amount received from clients and correspondence made with client departments in this regard
24.	Audit Requisition:36	04-12-2023	Directions/guidelines issued for inviting e-tender, details of tenders published, procedure adopted for publishing NIT on newspapers, criteria for selecting newspapers, system adopted for finalization of tender, formation of committee for finalizing the tender, minutes of meeting of tender finalization committee, details of works with delay from schedule date of completion along with justification/reasons and remedial action taken by the management
25.	Audit Requisition: 42	15-12-2023	Details of legal expenses incurred on 364 cases pending before the various Hon'ble court
Field Units of the Company			
26.	Audit Observation:8	18-08-2023	Construction of Government Medical College, Bahraich MBs, All Payment records including cheque book and bank statements since the date of start of work), details of advances and its recovery, BGs, work orders/supply orders, details of STP/ETP, store/stock records, records of new works/extra works, third party tests and related records, inspection reports <i>etc.</i>
27.	Audit Observation:11	19-08-2023	Construction of No Fill Airport at Shravasti Records related to earth work.
28.	Audit Observation:14	21-08-2023	Construction of Forest Residence, Balrampur DPR, preliminary estimates, MBs, payment details, work order/supply order, tender documents, cash book, store and stocks records, advances to PRWs/suppliers, interest earned on client funds, IUTs, BRS and present status of the work.
29.	Audit Observation:16	21-08-2023	Construction of Government Degree College, Bisoha, Balrampur Store/stock records and physical verification reports, details of all payments/advances, ledger, cash book, chequebook and bank statements, work orders/supply orders, MBs, records of consultants, third party tests and related records, Material Consumption Register, Inspection Reports, Enquiry Report <i>etc.</i>
30.	Audit Observation:17	21-08-2023	Tourism work in Shravasti under Buddha Circuit of Swadesh Darshan, Shravasti Original/Revised Technical Sanction, EFC, GOs, revised detailed estimates, Inspection Reports, Lab Report, MBs, Tender file including comparative chart.
31.	Audit Requisition-13	03-08-2023	(A) Construction of Vidhan Bhawan Extension (Office building) in Darulsafa Parisar, Lucknow: Copies of original detailed estimate, Unit PCR, Tender agreement file, Records related to purchase of furniture for Block-B along with supply order/LOI file etc, Files related to statutory clearance, Measurement Books, Details of material procured, MM-11 along with their verifications done by the Unit, Utilisation certificates, Bank Accounts statement and Balance Sheets as on 31st March 2023. (B) Construction of Government Medical College, Ambedkar Nagar: Copies of original detailed estimate and revised detailed estimates, Copy of executed agreement BoQ with the contractor, Unit PCR/Joint PCRs, Work order books and supply order books, Files related to statutory clearance, detailed statement of running bills, Detailed calculation sheet of escalation bills, Bank statement and Bank Reconciliation Statement, Balance Sheets as on 31st March 2023 and Utilisation certificates. (C) Construction of Sainik School, Kauhar, Amethi: Balance Sheets as on 31st March 2023, Measurement Books of the work, Running Payment Vouchers of the contractor, Work order books and supply order books, Records related unadjusted WCTs TDS by the client, Bank Account details, Bank statement, Bank Reconciliation Statement and Utilisation certificates. (D) Construction of Jail Main Boundary Wall, Basti: Balance Sheets as on 31st March 2023 and Utilisation Certificates.
32.	DO letter no. 463	13-03-2024	All 18 Field Units selected for detailed examination: Contractor's ledger, Material Consumption Statements, Quality Control Register, proof of establishment of lab at site by the contractor and the unit level, as per Quality Management System

Appendix 6.2
(Referred to in Paragraph 6.12.4)
Statement showing details of construction works started without Technical Sanction

Sl. No.	Name of the work	Sanctioned amount (₹ in lakh)	Month of Technical Sanction	Month of the start of work	Delay (in months)
1	2	3	4	5	6
1.	Construction of Soban Singh Jeena Rajkiya Medical College, Almora (Phase 1 and 2)	21,677.00	Aug-14	Aug-12	24
2.	Construction of 24 Courtrooms, District Court, Prayagraj	2,455.42	Nov-17	Apr-13	56
3.	Construction of 50 Bedded NRHM, Lalganj, Pratapgarh	633.48	Nov-17	Feb-17	9
4.	Construction of CHC Derva, Pratapgarh	374.14	Mar-17	June-15	21
5.	Construction of District Jail, Prayagraj	16,011.29	Sep-15	May-15	4
6.	Construction of Prof. Rajendra Singh (Rajju Bhaiya) University, Prayagraj (Phase-I)	20,009.34	Sep-17	Mar-17	6
7.	Construction of Medical College, Saifai – Residential work	7,259.92	Jan-15	Dec-07	86
8.	Construction of New District Jail, Etawah	18,391.88	Aug-15	Mar-15	5
9.	Construction of PWD Inspection House, Etawah	1,087.21	Oct-16	Sep-16	1
10.	Construction of 100 Type-V residences in 500 Bedded Super Speciality Block at U.P. University of Medical Sciences, Saifai, Etawah	8,405.63	May-17	Mar-17	2
11.	Vidhan Bhawan Extension (Office Building), Darulsafa Parisar, Lucknow	34,157.73	Feb-16	Mar-13	36
12.	Construction of Institute of Hotel Management, Jagdishpur	4,760.00	Nov-15	May-15	6
13.	Construction of Jail Main Wall, Basti	353.39	Aug-12	May-11	15
14.	Construction of Government Medical College, Ambedkar Nagar	23,626.44	Mar-12	Oct-08	42
15.	Sri Ram Janam Bhumi Parisar CCTV work, Ayodhya	2,065.08	May-20	Mar-20	2
16.	Alternative Electricity Arrangement at S.N. Medical College, Agra	90.05	Mar-19	Jan-19	2
17.	Construction of Labour Room Modular OT in LLRM Medical College, Meerut	1,674.08	Nov-19	Dec-18	11
18.	Lala Lajpat Rai Medical College Fire Fighting work, Kanpur	810.48	Apr-22	Mar-21	13
19.	Medical Gas Pipeline work, 100 Bed Pipeline at Pediatric Ward in Medical College, Orai.	73.03	Dec-21	Aug-21	4
20.	Construction of Maharaja Suheldev Svasashi Rajkiya Chikitsa Mahavidyalay, Bahraich	18,916.66	June-17	Mar-17	3
21.	Construction of 14 Courtrooms, Meerut	1,977.66	Sep-16	Dec-14	21
22.	Construction of Lecture Theatre and Central Library Building, Meerut	1,617.60	Dec-17	Aug-15	28
23.	Construction of Kshetriya Vidhi Vigyan Prayogshala, Ghaziabad (Class-A)	5,863.76	Oct-16	Mar-16	7
24.	Renovation Work of SC/ST Girls Hostel, Sector-62, Noida	380.10	Jan-18	Dec-15	25
25.	Construction of Under Ground Car Parking, Sector-16A, Noida	7,614.00	Sep-14	May-14	4
26.	SGPGI Modular OT work	1,233.60	Jun-18	Apr-18	2
27.	Construction of Government Degree College, Baluakot, Pithauragarh	138.30	No TS	Apr-16	-
28.	Construction of Mahila Degree College, Jaspur Block, Udham Singh Nagar	333.00	No TS	Sep-15	-
29.	Construction of Mini Industrial Estate, Munsiyari	609.24	No TS	Jul-15	-
30.	Construction of Nursing College, Almora (Phase-II)	1,698.29	No TS	Feb-15	-
31.	Renovation of Old Court, Kanpur Nagar	59.57	No TS	May-15	-
32.	Construction of Forest Residence, Balrampur	158.09	No TS	Aug-06	-
33.	Construction of Government Degree College, Bisoha (Gaisni), Balrampur	1,170.55	No TS	Jan-15	-
34.	Indira Gandhi Pratishthan Furnishing Work, Lucknow	149.26	Jan-10	Sep-04	65
Total		2,05,835.27			

Source: Records/ information furnished by the Company

Appendix 6.3
(Referred to in Paragraph 6.12.5)
Statement showing details of works executed without obtaining prior environmental clearance from State/Union Territory Environment Impact Assessment Authority

Sl. No.	Name of the work	Built-up area (in sqm)	Date of environmental clearance	Work started in	Duration of work execution till date of EC (in month)	Expenditure incurred ⁹ (₹ in crore)
(A) Environmental Clearance obtained belatedly						
1.	Construction of Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow (Phase-2)	30,930.92	09/02/2021	03/2018	35	111.12
2.	Construction of New District Jail, Etawah	40,654.00	26/02/2018	03/2015	35	194.45
3.	Construction of Sainik School, Kauhar, Amethi	26,888.78	26/09/2018	01/2017	20	31.42
4.	Construction of Dr. Ram Manohar Lohia State Administration and Management Academy, Lucknow	71,656.08	05/03/2019	04/2016	35	245.18
5.	Government Medical College, Pratapgarh	37,338.80	07/07/2020	03/2019	16	51.99
6.	Construction of Government Medical College, Almora	43,494.08	09/07/2019	08/2012	78	181.31
7.	Construction of District Jail, Prayagraj	47,243.82	16/09/2020	05/2015	66	117.48
Total						932.95
(B) Environmental Clearance not obtained till March 2023						
Sl. No.	Name of the work	Built-up area (in sqm)	Date of environmental clearance	Work started in	Duration of work execution till March 2023 (in month)	Expenditure incurred Up to March 2023 (₹ in crore)
1.	Construction of Government Medical College, Ambedkar Nagar	1,39,932.02	--	10/2008	174	495.59
2.	Construction of 100 Bedded ESIC Hospital, Ranchi, Jharkhand	23,034.55	--	05/2018	59	58.76
3.	Construction of 500 Bedded Super Speciality Block at U.P. University of Medical Sciences, Saifai, Etawah	1,07,900.27	--	02/2015	98	367.15
4.	Construction of 100 Type-V residences in 500 Bedded Super Speciality Block at U.P. University of Medical Sciences, Saifai, Etawah	29,860.32	--	03/2017	73	62.97
5.	Upgradation of District Hospital, Bahraich to Medical College	52,474.00	--	03/2017	73	166.19
Total						1150.66

Source: Records/information furnished by the Company

⁹ Up to end of the month prior to environment clearance date.

Appendix 6.4
(Referred to in Paragraph 6.13.1)
Statement showing details of short-term tenders invited by the Company

Sl. No.	Name of the work	Tender cost (₹ in crore)	Date of NIT	Last date submission of bid	No. of days
1	2	3	4	5	6
1.	Construction of 100 Bedded ESIC Hospital, Doddaballapur, Bangalore.	69.30	13-07-2017	01-08-2017	20
2.	Construction of Maharaja Suheldev Svashasi Rajya Chikitsa Mahavidyalaya, Bahraich	136.28	03-05-2017	26-05-2017	24
3.	Regional Connectivity No Frill Airport, Shravasti (Construction of runway, apron, taxiway, etc.)	9.06	28-07-2018	25-08-2018	29
4.	Regional Connectivity No Frill Airport, Shravasti (Renovation of terminal buildings, booms, cooling pits, etc.)	7.97	28-07-2018	14-08-2018	18
5.	Construction of Plant Authority Bhawan and Essential Staff Quarters for PPV and FRA Campus at PUSA, New Delhi	110.75	02-07-2020	16-07-2020	14
6.	Construction of 18 Court Building, Diwani Parisar, Raebareli	24.75	15-09-2016	13-10-2016	29
7.	Construction of Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow (Phase-2)	88.76	31-10-2019	19-11-2019	20
8.	Upgradation of existing district hospital to New Government Medical College, Pratapgarh	145.00	30-01-2019	09-02-2019	11
9.	Construction of District Hospital, Sector 39, Noida	203.84	01-02-2014	22-02-2014	22
10.	Construction of 100 bedded ESIC Hospital, Haldia, West Bengal	53.97	10-05-2018	31-05-2018	22
11.	Construction of Infrastructure at 12th Battalion NDRF, Hollongi, Arunachal Pradesh	116.71	09-08-2019	30-08-2019	22
12.	Construction of 24 Courtrooms, District Court, Prayagraj	2.22	23-01-2019	31-01-2019	9
Total		968.61			

Source: Records/ information furnished by the Company

Sl. No.	Name of the work	Name of the contractor	No. of sub-contracts	Work Order date	Amount	Total amount of sub-contracts	Amount of individual sub-contracts
1	2	3	4	5	6	7	8
		Badri Rai and Company		09-12-2016	7.67		
		Badri Rai and Company		09-12-2016	0.53		
		Badri Rai and Company		09-12-2016	0.50		
		Badri Rai and Company		09-12-2016	2.19		
		Badri Rai and Company		09-12-2016	8.39		
		Badri Rai and Company		09-12-2016	0.29		
		Badri Rai and Company		09-12-2016	0.34		
		Badri Rai and Company		09-12-2016	2.48		
		Badri Rai Construction Pvt Limited	5	08-12-2016	4.67	22.26	₹ 2.75 crore to ₹ 5.06 crore
		Badri Rai Construction Pvt Limited		08-12-2016	5.06		
		Badri Rai Construction Pvt Limited		08-12-2016	4.82		
		Badri Rai Construction Pvt Limited		08-12-2016	4.96		
		Badri Rai Construction Pvt Limited		09-12-2016	2.75		
		Shiva Enterprises	5	08-12-2016	4.97	13.79	₹ 0.45 crore to ₹ 6.13 crore
		Shiva Enterprises		08-12-2016	6.13		
		Shiva Enterprises		08-12-2016	0.45		
		Shiva Enterprises		09-12-2016	1.37		
		Shiva Enterprises		09-12-2016	0.87		
4.	Construction of New Meghalaya Legislative Assembly Building, Mawdiangdiang, Shilliong, Meghalaya	Badri Rai & Company	2	18-06-2019	43.16	85.03	₹ 41.87 crore and ₹ 43.16 crore
		Badri Rai & Company		05-07-2019	41.87		
5.	Construction of Bapu Tower, Gardanibagh, Patna	Shiva Enterprises	1	05-07-2019	21.54	21.54	₹ 21.54 crore
		Maa Vaishno Infracontract	1	08-06-2020	72.92	72.92	₹ 72.92 crore
		Total	52			1,047.67	

Source: Records/ information furnished by the Company

Appendix 6.6
(Referred to in Paragraph 6.13.4)
Statement showing details of release of unsecured advances to sub-contractors

Sl. No.	Name of the work	Name of the sub-contractor	Period of release of advances	No. of advances released	Total amount of advances released (₹ in lakh)
1	2	3	4	5	6
1.	Construction of Government Medical College, Bahraich	Universal Contractors & Engineers Pvt. Ltd.	17-05-2019	1	79.79
2.	Construction of District Jail, Allahabad	Prakash Infraventure Pvt. Ltd.	30-08-2016 to 01-11-2018	8	1,450.00
3.	Construction of Institute of Hotel Management, Jagdishpur	Sri Siddheshwar Engineers India Pvt. Ltd.	14-06-2016 to 31-01-2017	5	510.00
		Total		14	2,039.79

Source: Records/ information furnished by the Company

Appendix 6.7
(Referred to in Paragraph 6.13.4)
Statement showing release of advances to sub-contractors against material supplied

Sl. No.	Name of the work	Name of the sub-contractor	Period of release of advances	No. of advances released	Total amount of advances released (₹ in lakh)
1	2	3	4	5	6
1.	Construction of Medical College, Almora	Abhilasha Enterprises	05-05-2016 to 23-08-2018	7	914.00
2.	Construction of Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow (Phase-2)	Gautam Builders	04-08-2021	1	50.00
3.	Construction of Mimi Industrial Estate, Munsiyari	Dee Square Contractors & Builders	03-10-2015 to 30-12-2015	3	115.00
4.	Construction of Nursing College, Almora	Elements Designer Homes	18-11-2016 to 03-06-2017	3	247.72
5.	Construction of Nursing College, Almora	Loom Crafts Shade System Pvt. Ltd.	01-10-2015	1	35.00
6.	Construction of Nursing College, Almora	Nu World Infratech	04-03-2015 to 14-12-2015	7	485.00
Total				22	1,846.72

Source: Records/ information furnished by the Company

Appendix 6.8
(Referred to in Paragraph 6.13.4)
Statement showing details of release of advances to sub-contractors against work done but not measured

Sl. No.	Name of the work	Name of the sub-contractor	Period of release of advances	No. of advances released	Total amount of advances released (₹ in lakh)
1	2	3	4	5	6
1.	Construction of 50 Bedded Hospital, Pratapgarh	Radheyamohan Dubey Construction Co.	01-10-2018 to 13-09-2019	5	65.00
2.	Construction of Government Medical College, Almora	Abhilasha Enterprises	29-01-2016 to 06-04-2023	7	595.00
3.	Construction of District Jail, Allahabad	Prakash Infraventure Pvt. Ltd.	01-03-2016 to 17-07-2018	6	1,805.00
4.	Construction of Institute of Hotel Management, Jagdishpur	Siddheshwar Engineers India Pvt. Ltd.	08-01-2016 to 08-03-2016	2	250.00
5.	Construction of Mini Industrial Estate, Munsiyari	Dee Square Contractors & Builders	15-10-2016	1	62.00
6.	Construction of New District Jail, Etawah	Comt Construction Pvt. Ltd.	16-03-2016 to 21-07-2016	8	4,210.00
7.	Construction of PWD Guest House, Etawah	Siddheshwar Engineers India Pvt. Ltd.	25-10-2016 to 27-02-2017	3	193.00
8.	Construction of Sainik School, Amethi	R. P. Singh and Co.	08-03-2017	1	100.00
9.	Construction of Prof. Rajendra Singh (Rajju Bhaiya) University, Prayagraj (Phase-1)	Pradeep Kumar Sharma	27-09-2017	1	3.96
10.	Construction of Government Engineering College, Sonbhadra	Space Designers	21-03-2017 to 22-03-2017	2	20.00
11.	Construction of Government Medical College, Mirzapur	Comt Construction Pvt. Ltd.	16-04-2015 to 02-03-2016	10	1,433.00
12.	Construction of Government Medical College, Mirzapur	Kasana Builders Pvt. Ltd	26-12-2019 to 12-09-2020	5	839.17
13.	Construction of Maharaja Suheldev Svasashi Rajya Chikitsa Mahavidyalaya, Bahraich	Universal Contractors & Engineers Pvt. Ltd.	01-11-2018 to 08-05-2020	3	350.00
14.	Construction of Sri Ram Janki Medical College and Hospital, Samastipur	Maa Vaishno Infracontract	16-12-2022 to 01-10-2023	11	8,988.65
15.	Construction of Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow (Phase-2)	M. K. Construction	13-10-2021	1	1.50
	Construction of Staff Housing Type-B (Plot-H, D, and O) - 752 Units, Patna	Global Fire	20-01-2022	1	25.00
		Maa Vaishno Infracontract	14-07-2021 to 23-02-2023	12	5,630.00
		Total		79	24,571.28

Source: Records/ information furnished by the Company

Appendix 6.9
(Referred to in Paragraph 6.14.9)
Statement showing details of works where monthly consumption statement not prepared by the Company

Sl. No.	Name of the work
1.	Construction of Medical Gas Plant and Pipeline at different departments of KGMU, Lucknow
2.	Govt. Degree College Baluakot Pithauragarh
3.	Mini Industrial Estate Munsiyari, Pithauragarh
4.	Extension of Vidhan Bhawan (Office Building) at Darulsafa Parisar, Lucknow
5.	Construction of Jail Main Wall, Basti
6.	Construction of Government Degree College, Bisoha (Gaisni), Balrampur

Source: Records/ information furnished by the Company

List of Abbreviations

List of Abbreviations	
Abbreviation	Full form
AGM	Annual General Meeting
BoD	Board of Directors
CAG	Comptroller and Auditor General of India
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPWD	Central Public Works Department
CS	Company Secretary
CSR	Corporate Social Responsibility
CVC	Central Vigilance Commission
EBIT	Earnings Before Interest and Taxes
EMD	Earnest Money Deposit
ETP	Effluent Treatment Plant
FA	Financial Advisor
FHB	Financial Hand Book
GFR	General Financial Rules
GoI	Government of India
GoUP	Government of Uttar Pradesh
GMs	General Managers
GSDP	Gross State Domestic Product
HUDCO	Housing and Urban Development Corporation Limited
IASB	International Accounting Standards Board
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IGAAP	Indian Generally Accepted Accounting Principles
Ind AS	Indian Accounting Standards
KMP	Key Managerial Personnel
LoA	letter of award
MCA	Ministry of Corporate Affairs
MD	Managing Director
MoEF	Ministry of Environment and Forest
NRC	Nomination and Remuneration Committee
NIAL	Noida International Airport Limited
PAT	Profit After Tax
PBT	Profit Before Tax
PMC	Project Management Consultancy
PSUs	Public Sector Undertakings
ROE	Return on Equity
ROCE	Return on Capital Employed
SARs	Separate Audit Reports
SEBI	Securities and Exchange Board of India
SEIAA	State Environment Impact Assessment Authority

Abbreviation	Full form
SPSEs	State Public Sector Enterprises
STP	Sewerage Treatment Plant
UPPWD	Uttar Pradesh Public Works Department
UPSRTC	Uttar Pradesh State Road Transport Corporation
UPVAT	Uttar Pradesh Value Added Tax

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