On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of ₹ 107.34 crore as detailed below:

(₹ In crore)

Particulars	Increase	Decrease
Assets	36.65	53.39
Liabilities	-	0.22
Expenditure	16.80	0.06
Income	0.22	-

2.6 Departures from Accounting Standards

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1) and Section 133 of the said Act, the Central Government, in consultation with National Advisory Committee on Accounting Standards prescribed Accounting Standards 1 to 7 and 9 to 29 as recommended by the Institute of Chartered Accountants of India.

The statutory auditor reported that 31 companies as detailed in ***Appendix-V*** departed from mandatory Accounting Standards.

However, during course of supplementary audit, the CAG observed that the following companies had not complied with the mandatory Accounting Standards which were not reported by their statutory auditors:

Accounting Standard	Name of the Company	Deviation
AS - 3 Cash Flow Statement	Aravali Power Company Private Limited	The fact that 'Cash and Bank Balances' included fixed deposits of ₹ 3.65 crore pertaining to Fly Ash Utilization Reserve and ₹ 2.70 crore with lien on account of issue of Letter of Credit by bank were not readily available for use was not disclosed.
	IFCI Venture Capital Fund Limited	The Company had neither disclosed components of cash and cash equivalents nor prescribed any accounting policy for determining the composition of cash and cash equivalents.
	IFIN Securities Finance Limited	
	IFIN Commodities Limited	
AS - 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	Antrix Corporation Limited	Prior period items amounting to ₹ 18.20 crore were shown under 'other income'.
	Chandigarh Schedule Caste Financial and Development Corporation Limited (2012-13)	Amount of Reserve for Bad and Doubtful Debts and Reserve for Relief & Common Good Fund had been shown as Exceptional Items.

	Fresh and Healthy Enterprises Limited	The impact of change in Accounting Policy on depreciation on Fixed Assets in compliance to the Companies Act, 2013 had not been disclosed.
	Kutch Railway Company Limited	The impact of revision of depreciation rates based on maximum useful life of Fixed assets as per Companies Act, 2013 had not been disclosed.
	National Film Development Corporation Limited	Impact due to change in Accounting Policies regarding treatment of cost of production of films and production of television serials/acquired programmes had not been disclosed.
AS – 9 Revenue Recognition	National Textile Company Limited	The company recognized interest of ₹ 21.94 crore on loan given to British India Corporation even though there was no budgetary support from Ministry of Textiles.
AS – 10 Accounting for Fixed Assets	NHPC Limited	Expenditure of ₹ 173.61 crore incurred on enabling assets not owned by the company were charged to Expenditure during Construction and transferred to Capital work in progress/capitalized.
	NTPC Limited	The company capitalized the expenditure of ₹ 167.99 crore incurred on assets not owned by the company under tangible Assets and Capital work in progress.
AS - 12 Accounting of Government Grants	IFCI Limited	General Reserve included ₹ 184.48 crore transferred from Grants received from GOI under KfW Loan despite it being of capital nature to be utilized for specified purposes for promotional activities of Industrial Development.
	Indian Drugs and Pharmaceuticals Limited (2012-13)	Accounting Policy adopted for Government Grants had not been disclosed.
AS-13 Accounting of Investment	IFCI Limited	The company had made a policy for provision against diminution in value of equity shares as per which no diminution was required to be provided till there was no default in buyback arrangement and the decline in book value of unquoted equity was more than 75 *per cent*. As a result of this policy, company had made no provision/ inadequate provision against long term investment of ₹734.31 crore in respect of six companies despite erosion of net worth, continuous cash losses, negative earnings, accumulated losses and having no buy-back commitment/ default in buy-back commitments by investee companies.
	Indian Drugs and Pharmaceuticals Limited (2012-13)	Despite permanent decline in the value of investment in three subsidiaries/joint venture companies, no provision had been made.

AS - 15 Employees Benefit	Rajasthan Drugs & Pharmaceuticals Limited	Employees benefit expenses did not include for accumulated half pay/sick leave standing at the credit of employees.
AS – 18 Related Party	Cement Corporation of India	The company had not disclosed name, remuneration paid to key management personnel and transactions with related parties.
	IFIN Securities Finance Limited	
	SBI Cards Payments Services Private Limited	
AS – 22 Deferred Tax Assets	Rajasthan Drugs & Pharmaceuticals Limited	The previously recognized Deferred Tax Assets had not been written down in the absence of virtual certainty of its realization.
	Indian Vaccines Company Limited	Deferred Tax Assets had been recognized though there was no income from operations and the expenditure incurred during the year exceeded the income from leasing of factory land and interest from Bank Deposits.
	Kanti Bijli Utpadan Nigam Limited	Deferred Tax Assets of ₹ 17.52 crore was not created.

2.7 Management Letters

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

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

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

During the year CAG issued 'Management Letter' to 104 CPSEs.