

- (viii) Income included airport lease revenue from Delhi International Airport Limited (DIAL- ₹ 2302.66 crore) and Mumbai International Airport Limited (MIAL - ₹ 1066.23 crore). In the absence of relevant records, the veracity of airport lease revenue of as reflected in the books of accounts could not be vouchsafed.
- (ix) Contingent Liabilities were understated by ₹ 123.20 crore due to non-disclosure of amounts demanded by Government of Rajasthan, for balance portion of intermittent land admeasuring 43.49 acres, which was under possession of the Authority and covered by boundary wall and which was neither acquired nor transferred to the Authority. The demand was being contested by the company with the State Government for getting the same transferred free of cost. The disclosure in the Notes was therefore deficient to that extent.

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), Section 132 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 14 companies as detailed in **Appendix IV** 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 - 2	Valuation of Inventories	Kanti Bijli Utpadan Nigam Limited	Penalty paid to coal companies for not lifting the annual contracted quantity of coal had been added to the cost of inventory.
AS - 3	Cash Flow Statements	Punjab Logistics Infrastructure Limited	Term loan (₹ 10 crore) obtained from HDFC bank for 15 years had been included in Cash Flow from 'Operating Activities' instead of from 'Financing Activities'.
AS - 5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	Agri Development Finance (Tamilnadu) Limited (Now NABKISAN)	Amount of ₹ 1.96 crore towards interest not accounted for and recovered through Debt Recovery Tribunal after 15 years had not been disclosed.

AS – 9	Revenue Recognition	Educational Consultants India Limited	<p>The Company recognized 97 <i>per cent</i> of the project cost as revenue and 100 <i>per cent</i> of the amount of bills raised by the vendor as expenditure from eight projects on completion of second stage i.e. conduct of online examination, against its accounting policy for recognition at 80 <i>per cent</i>.</p> <p>The Company accounted for income of ₹ 0.22 crore out of advance received for conducting written test which was subsequently cancelled by the Paradeep Port Trust.</p> <p>New Accounting Policy regarding recognition of revenue in respect of 'online testing activity' had not been approved by the Board of Directors nor disclosed.</p>
		National Textiles Company limited	The company recognized interest of ₹ 8.45 crore (₹ 21.94 crore during previous years) on the loan given to British India Corporation.
AS– 10	Accounting for Fixed Assets	NHPC Limited	Expenditure of ₹ 165.38 crore incurred on enabling assets had been charged to Tangible Assets and Capital Work in Progress.
		NTPC Limited	The company capitalized the expenditure of ₹ 204.66 crore incurred on assets not owned by the company under Tangible Assets and Capital Work in Progress.
AS- 12	Accounting for Government Grants	National Safai Karmachari Finance and Development Corporation	Accounting Policy adopted for Government Grants and nature and extent of Government Grants had not been disclosed.
AS-13	Accounting for Investments	IFCI Limited	<p>Company's policy for provision against diminution in value of equity share was not as per AS-13.</p> <p>No provision/inadequate provision was made against long term investment of ₹ 706.17 crore in respect of five companies despite erosion of net worth, continuous cash losses, negative earnings per share, accumulated losses and default in buy back commitments by investee companies.</p>

AS- 15	Employee Benefits	Central Coalfields Limited	Provision towards Post-retirement Medical Benefit, a defined benefit plan was made for an amount of ₹ 75.62 crore against the required amount of ₹ 59.01 crore on actuarial valuation basis.
		Bharuch Rail Dahej Corporation Limited	Necessary disclosures regarding “Employees Benefits” had not been made.
AS- 19	Leases	Central Railside Warehouse Company Limited	Future enhancement in lease rentals liability had been recognized in respect of hired office space.
AS – 22	Accounting for Taxes on Income	Health Insurance TPA of India Limited	Deferred Tax Assets were created on unabsorbed depreciation and accumulated losses without having any virtual certainty to earn sufficient taxable income in future.
AS – 29	Provisions, Contingent Liabilities and Contingent Assets	Educational Consultants India Limited	Accounting Policy adopted by the company had not been disclosed.

2.7 Management Letters

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

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

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

During the year CAG issued ‘Management Letters’ to 131 CPSEs.