

PUNJAB STATE TRANSMISSION CORPORATION LIMITED

Regd. Office: PSEB Head Office, The Mall Patiala-147001, Punjab, India.

Corporate Identity Number: U40109PB2010SGC033814 (www.pstcl.org)

(Office of Chief Accounts Officer (Finance & Audit), ARR Section
(3rd Floor, opp. Kali Mata Mandir, Shakti Sadan, Patiala)

Fax/Ph. No.0175-2970183 Email : dy-fa2@pstcl.org

To

The Dy. Registrar,
Punjab State Electricity Regulatory Commission,
Sector – 18A, Site No. 3, Madhya Marg,
Chandigarh.

Memo No. 188 /CAO(F&A)/MYT-II/APR/1A

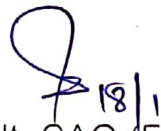
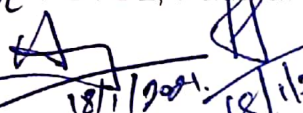
Dated: 18-01-2021

Subject: Petition for True up for FY 2019-20, APR for FY 2020-21, revised ARR and tariff proposal for FY 2021-22 – Deficiencies thereof:

Ref: Your office memo no. PSERC/Reg./5410 dated 10.12.2020.

In continuation to this office memo no. 3047 dated 21.12.2020, enclosed please find herewith the copy of the Comments of the C&AG of India on the Accounts of PSTCL in the reply of the points mentioned in para 1.1 of annexure "A" for further necessary action.

DA/As above


18/1
o/c Jt. CAO (Finance-II),
PSTCL, Patiala.

18/1/2021 18/1/2021



भारतीय लेखा तथा लेखा परीक्षा विभाग
कार्यालय महालेखाकार (लेखा परीक्षा), पंजाब
प्लॉट नं० 21, सेक्टर 17, चण्डीगढ़ - 160017

Indian Audit & Accounts Department
Office of the Accountant General (Audit) Punjab
Plot No 21, Sector 17, Chandigarh-160017

क्रमांक /No. ले. ए. अ. | BS | P.S.T.C.L | 2019-20 / 2020-21 / 295

दिनांक /Date 04.01.2021

सेवा में

• सचिव, विद्युत विभाग
पंजाब सरकार
लघु सचिवालय, सेक्टर-9,
चण्डीगढ़

विषय: 31 मार्च 2020 को समाप्त वर्ष के लिये Punjab State Transmission Corporation Limited के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) अर्न्तगत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां।

महोदय/महोदया,

मैं इस पत्र के साथ आपको 31 मार्च 2020 को समाप्त वर्ष के लिये Punjab State Transmission Corporation Limited के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) तथा 129(4) के अर्न्तगत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों की प्रतिलिपि प्रेषित करती हूँ।

उपरोक्त टिप्पणियों को वार्षिक लेखाओं, वार्षिक रिपोर्ट एवं वैधानिक लेखा परीक्षकों की रिपोर्ट सहित कम्पनी अधिनियम 2013 की धारा 395(1)(b) के अर्न्तगत विधानसभा के पटल पर रखा जाए तथा इस कार्यालय को इन्हें विधान सभा/संसद को समक्ष प्रस्तुत करने की तिथि से अवगत करवाया जाए। इसके अलावा रिपोर्ट एवं टिप्पणियों की प्रतिलिपियां जो की विधान सभा को समक्ष प्रस्तुत की गई हो, इस कार्यालय को प्रेषित की जाए। कृपया इस पत्र की संलग्न सहित प्राप्ति की सूचना भी भेजे।

भवदीय,

संलग्न-यथोक्त

- हस्ता -
उप महालेखाकार
(ए. एम. जी. 1)

उपरोक्त की एक प्रति 31 मार्च 2020 को समाप्त वर्ष के लेखाओं पर नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों सहित प्रबन्ध निदेशक, Punjab State Transmission Corporation Limited, The Mall, Patiala को सूचना एवं आवश्यक कार्यवाही हेतु प्रेषित की जाती है।
संलग्न-यथोक्त

वरिष्ठ लेखा परीक्षा अधिकारी
(तकनीकी सहयोग कक्ष)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PUNJAB STATE TRANSMISSION CORPORATION LIMITED, PATIALA FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of the Punjab State Transmission Corporation Limited for the year ended 31 March, 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 06 October 2020.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Punjab State Transmission Corporation Limited for the year ended 31 March, 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON PROFITABILITY

A.1 Income - Other Income (Note 30) – ₹ 43.28 crore

As per Accounting Policy of the Company relating to Revenue Recognition (Note 2.12) the delayed payment surcharges (DPS) on transmission charges is accounted for on accrual basis, where clause for levy of such type of surcharges (DPS) exists in transmission/ other agreements. However, the delayed payment surcharges (DPS) bills amounting to ₹ 53.86 crore raised on PSPCL during the period September 2014 to June 2019 as per the provisions of transmission agreement have not been accounted

for on accrual basis. This has resulted in understatement of Other Income and Trade Receivables and overstatement of Loss by ₹ 53.86 crore.

A.2 Expenses - Finance Costs (Note 32) – ₹ 464.39 crore

Company has availed seven loans amounting to ₹ 1,650 crore during 2015-20 on which guarantee fee of ₹ 29.90 crore was paid and booked as expenditure in the year of its incurrence instead of amortising the same over the respective tenure of related loan in non observance of Ind AS-109. This has resulted in understatement of Current Assets by ₹ 4.13 crore, Non-Current Assets by ₹ 14.49 crore and overstatement of Loss by ₹ 18.62 crore.

B. COMMENTS ON FINANCIAL POSITION

Assets

B.1 Capital Work in Progress (Note 6) – ₹ 282.70 crore.

The above includes expenditure of ₹ 1.64 crore incurred on construction of 220 KV Sama – Kotli Surat Malhi transmission line prior to its abandonment during 2002 for which Board of Directors had also accorded (August 2020) its approval for writing off. This has resulted in overstatement of Capital Work in Progress and understatement of loss by ₹ 1.64 crore.

The Statutory Auditors' in Annexure-B point No 7 of their Report have stated that 'the case for writing off the amount has already been put up to BOD's whereas BOD had already accorded (August 2020) their approval for writing off the amount.

Equity and Liabilities

B.2 Equity Share Capital (Note 17) – ₹ 605.88 crore

Pursuant to the implementation of Punjab Power Sector Reforms Transfer Scheme 2010, consumer's contribution, grants and subsidies of ₹ 338.97 crore were wrongly converted into capital of the State Government in equity of the Company. This has resulted in overstatement of Equity Share Capital and understatement of Other Equity - General Reserve by ₹ 338.97 crore.

C. COMMENTS ON DISCLOSURE

C.1 Dues to Micro, Small and Medium Enterprises

Reference is invited to disclosures made in compliance with section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED (Act 2006) in Note

58 wherein the amounts paid to MSME firms beyond the appointed day have been reported as NIL. The delays of 5 to 49 days in making payments amounting to ₹ 4.80 crore to three firms during August/ September 2019 have not been disclosed.

For and on behalf of the
Comptroller & Auditor General of India

Punam Pandey

(Punam Pandey)
Pr. Accountant General (Audit), Punjab
Chandigarh

Date: 04/01/2021
Place: Chandigarh