



सत्यमेव जयते

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

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

क्रमांक / No. AMG-10/TSC/PSPL/2023-24(SFS)/2024-25/107  
दिनांक / Date 02-01-2025

सेवा में

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

विषय 31 मार्च 2024 को समाप्त वर्ष के लिए Punjab State Power Corporation Limited के (Standalone) लेखों पर कंपनी अधिनियम, 2013 की धारा 143(6)(b) के अंतर्गत, भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं इस पत्र के साथ आपको 31 मार्च 2024 को समाप्त वर्ष के लिए Punjab State Power Corporation Limited के (Standalone) लेखों पर कंपनी अधिनियम, 2013 की धारा 143(6)(b) के अंतर्गत, भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों की प्रतिलिपि प्रेषित करता हूँ।

उपरोक्त टिप्पणियों को वार्षिक लेखों, वार्षिक रिपोर्ट एवं वैधानिक लेखा परक्षकों की रिपोर्ट सहित पर कंपनी अधिनियम, 2013 की धारा 395(1)(b) के अंतर्गत विधान सभा के पद पर रखा जाए, तथा इस कार्यालय को इन्हे विधान सभा के समक्ष प्रस्तुत करने की तिथि से अक्षर्य करवाया जाए। इसके अलावा रिपोर्ट एवं टिप्पणियों की प्रतिलिपियाँ जो कि विधान सभा के समक्ष प्रस्तुत की गईं ही इस कार्यालय को प्रेषित की जाए।

कृपया इस पत्र की अनुसूचित प्रतिलिपि सुबक भी भेजें।

सलंगन-उपरोक्त


भवदीय,

६२-११/—

उपमहालेखाकार  
(सकनीकी सहयोग कक्ष)

✓ उपरोक्त की एक प्रति 31 मार्च 2024 को समाप्त वर्ष के (Standalone) लेखों पर के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों सहित प्रबंध निदेशक, **Punjab State Power Corporation Limited, Patiala** को सूचना एवं आवश्यक कार्यवाही हेतु प्रेषित की जाती है।

सलंगन-उपरोक्त

  
उपमहालेखाकार  
(तकनीकी सहयोग कक्ष)

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF PUNJAB STATE POWER CORPORATION LIMITED, PATIALA FOR THE YEAR ENDING 31 MARCH 2024.**

The preparation of financial statements of '**Punjab State Power Corporation Limited**' for the year ended 31 March 2024 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) read with section 129 (4) of the Act are responsible for expressing opinion on these financial statements under Section 143 read with section 129 (4) 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 **23 September 2024**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Punjab State Power Corporation Limited** for the year ended **31 March 2024** under section 143 (6) (a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of **Punjab State Power Corporation Limited**, but did not conduct supplementary audit of the financial statement of Punjab Thermal Generation Limited and Gidderbaha Power Limited for the year ended on that date. Further, section 139 (5) and 143 (6) (b) of the Act are not applicable to Panem Coal Mines and Bengal Birbhum Coalfields Limited being private entity/joint venture. Accordingly, Comptroller & Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. 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) read with section 129 (4) 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 Expenses – Purchase of Power(Note31)-₹ 28801.91 crore

The above does not include supplementary energy charges/ bills incidental to power purchase during 2023-24

- a) supplementary energy charges of ₹ 9.83 crore payable to NPL<sup>1</sup> for change in coalcost due to performance incentive to be paid to Northern Coalfield Limited for 2023-24.
- b) supplementary energy charges of ₹ 14.70 crore payable to NPL for change in coal cost for September, October and November2023.
- c) deviation charges of ₹1.15 crore payable to NPL for March 2024.
- d) Energy bills of ₹22.10 crore payable to Indian Sucrose Limited for power procured during December 2023 to March 2024.
- e) energy bills of ₹ 6.41 crore payable to Golden Sandhar Mills Limited for power procured during December 2023 to March 2024.
- f) supplementary energy bills of ₹ 13.71 crore payable to NHPC Limited on account of deferred tax for 2023-24.
- g) late payment surcharge of ₹ 1.48 crore approved (December 2023) for payment to NTPC Vidyut Vyapar Nigam Limited for September 2018 to March 2022.
- h) supplementary energy charges of ₹ 1.04 crore payable to Sasan Power Limited for GST on Royalty of Coal and reimbursement of sustenance allowance etc. for March 2024
- i) arrears and supplementary energy bills of ₹49.94 crore payable to Central Transmission Utility of India Limited(CTUIL) for the period upto March 2024.
- j) energy bills of ₹ 127.44 crore payable to CTUIL for the period up to September 2023.

For which liability was not created This has resulted in understatement of 'Purchase of Power' and overstatement of profit by ₹ 247.8 crore.

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<sup>1</sup> Nabha Power Limited

## **B. COMMENTS ON FINANCIAL POSITION**

### **B.1 Assets - Non-Current Assets - Property, Plant & Equipment (Note 3) - ₹ 38415.02 crore**

The above includes transformers valuing ₹ 322.92 crore lying in stock and yet to be issued for capital works in violation of significant accounting policy (2.5) which provides for materials purchased for capital projects to be classified as capital stores. This has resulted in overstatement of 'Property Plant & Equipment' and understatement of 'Capital Work in Progress–Capital Stores' by ₹322.92 crore.

### **B.2 Assets - Non-Current Assets – Financial Assets - Others (Note 8) - ₹ 1018.53 crore**

The above includes ₹ 10.78 crore recoverable against an incomplete work for more than 13 years from M/s KLG Steel, Gurgaon against whom, Hon'ble High Court has already issued (January 2014) winding up orders and limitation period for invoking arbitration as well as for filing recovery suit has already elapsed since long and write off proposal was also under process. Non provisioning this has resulted in over statement of 'Financial Assets' and profit by ₹ 10.78 crore.

### **B.3 Assets-Current Assets–Inventories (Note10) -₹843.64 crore**

The above includes meters valuing ₹ 52.30 crore booked as inventories in Bathinda and Patiala Metering Divisions while meters valuing ₹ 79.66 crore had been booked as capital stores in Amritsar, Jalandhar and Ludhiana Metering Divisions in accordance with accounting policy. This has resulted in overstatement of 'Inventories' and understatement of 'Capital Work in Progress–Capital Stores' by ₹ 52.30 crore.

### **B.4 Equity and Liabilities –Equity Share Capital (Note17)–₹ 21709.73crore**

Pursuant to the implementation of Punjab Power Sector Reforms Transfer Scheme 2010, consumer's contribution, grants and subsidies amounting to ₹ 3402.37 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 ₹3402.37 crore'.

## **C. COMMENTS ON DISCLOSURE**

### **C.1 Micro, Small and Medium Enterprises Development Act 2006**

MSMED Act 2006<sup>2</sup> requires<sup>3</sup> audited financial statements of companies to disclose; principal amount and interest due thereon separately remaining unpaid to any MSME supplier as at the end of each year, amount of interest paid under the Act along with amounts of payment made to MSME suppliers beyond the appointed day during the year, amount of interest due and payable for the period of delay in making payment beyond the appointed day during the year, amount of interest accrued and remaining unpaid at the end of year and amount of further interest remaining due and payable even in the succeeding years.

The above disclosure requirements have not been complied with. Test check of payments due to MSME firms as on 31 March 2024 revealed that payments amounting to ₹ 202.35 crore were lying outstanding to MSME firms in 973 cases as on 31 March 2024 out of which payments amounting to ₹ 185.11 crore were lying outstanding in 825 cases beyond appointed dates with delay of ranging up to 180 days, thereby making the Company liable to penal interest under MSMED Act 2006.

### **C.2 Segment Reporting**

Separate financial information for reportable operating segments of generation business and distribution business has not been disclosed in non-compliance of IndAS-108 (Operating Segments) as well as PSERC MYT Regulations 2019<sup>4</sup> which provide<sup>5</sup> for the distribution licensee, also carrying out the generation business, to prepare separate Annual Accounts for each of its businesses, and segregate the accounts of Company into generation business and distribution business.

### **C.3 Shanan Hydroelectric Power Project**

110 MW Shanan Hydro Power Project (SHPP) located in Jogindernagar (Himachal Pradesh) was executed in terms of an agreement dated 3 March 1925 between

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<sup>2</sup> Micro, Small and Medium Enterprises Development Act 2006

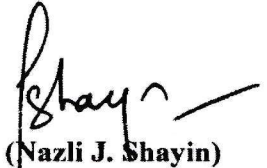
<sup>3</sup> Section 22

<sup>4</sup> Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019

<sup>5</sup> Regulations 4.3 and Regulations 5.1

erstwhile British Government of India and Raja of Mandi (Darbar) according to which Darbar would retain full jurisdiction and sovereign rights over such land and after the expiry of 99 years the lease would be renewable by Government on terms agreeable between parties. Central Government had allocated (May 1967) the operation of SHPP to erstwhile Punjab State Electricity Board (PSEB) of Punjab. Himachal Pradesh Government as the successor of Raja of Mandi has decided not to extend/renew bid lease beyond 2 March 2024 and asked Central and Punjab Government to hand over SHPP to Himachal Pradesh. State Government has filed (February 2024) a suit before Hon'ble Supreme Court to restrain Himachal Pradesh from taking possession of SHPP which is presently sub-judice. The issue of completion of lease period and the ownership of SHPP being sub-judice having a significant bearing on the operations and financial position of the Company was not disclosed.

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



(Nazli J. Shayin)

**Pr. Accountant General (Audit), Punjab, Chandigarh**

Date: 01-01-2025  
Place: Chandigarh

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF PUNJAB STATE POWER CORPORATION LIMITED, PATIALA FOR THE YEAR ENDING 31 MARCH 2024 AND MANAGEMENT REPLIES THEREON.**

Sr. No	Comments	Management Replies
A.	<b>COMMENTS ON PROFITABILITY</b>	
A.1	<b>Expenses – Purchase of Power (Note 31) - ₹ 28801.91 crore</b>	
	<p>The above does not include supplementary energy charges/bills incidental to power purchase during 2023-24 –</p> <ul style="list-style-type: none"> <li>a) supplementary energy charges of ₹ 9.83 crore payable to NPL<sup>1</sup> for change in coal cost due to performance incentive to be paid to Northern Coalfield Limited for 2023-24.</li> <li>b) supplementary energy charges of ₹ 14.70 crore payable to NPL for change in coal cost for September, October and November 2023.</li> <li>c) deviation charges of ₹ 1.15 crore payable to NPL for March 2024.</li> <li>d) energy bills of ₹ 22.10 crore payable to Indian Sucrose Limited for power procured during December 2023 to March 2024.</li> <li>e) energy bills of ₹ 6.41 crore payable to Golden Sandhar Mills Limited for power procured during December 2023 to March 2024.</li> <li>f) supplementary energy bills of ₹ 13.71 crore payable to NHPC Limited on account of deferred tax for 2023-24.</li> <li>g) late payment surcharge of ₹ 1.48 crore approved (December 2023) for payment to NTPC Vidyut Vyapar Nigam Limited for September 2018 to March 2022.</li> <li>h) supplementary energy charges of ₹ 1.04 crore payable to Sasan Power Limited for GST on Royalty of Coal and reimbursement of sustenance allowance etc. for March 2024</li> </ul>	<p>The bills are raised by the firm in the current year 2024-25, therefore, the same is paid and booked in the year 2024-25.</p> <p>As such there is no understatement of Purchase of Power and overstatement of profit.</p>

	i) arrears and supplementary energy bills of ₹ 49.94 crore payable to Central Transmission Utility of India Limited (CTUIL) for the period up to March 2024.	
	j) energy bills of ₹ 127.44 crore payable to CTUIL for the period up to September 2023. For which liability was not created. This has resulted in understatement of 'Purchase of Power' and overstatement of profit by ₹ 247.80 crore.	
<b>B.</b>	<b>COMMENTS ON FINANCIAL POSITION</b>	
<b>B.1</b>	<b>Assets - Non-Current Assets - Property, Plant &amp; Equipment (Note 3) - ₹ 38415.02 crore</b>	
	a) The above includes transformers valuing ₹ 322.92 crore lying in stock and yet to be issued for capital works in violation of significant accounting policy (2.5) which provides for materials purchased for capital projects to be classified as capital stores. This has resulted in overstatement of 'Property Plant & Equipment' and understatement of 'Capital Work in Progress – Capital Stores' by ₹ 322.92 crore.	Noted for future
<b>B.2</b>	<b>Assets - Non-Current Assets – Financial Assets - Others (Note 8) - ₹ 1018.53 crore</b>	
	The above includes ₹ 10.78 crore recoverable against an incomplete work for more than 13 years from M/s KLG Steel, Gurgaon against whom, Hon'ble High Court has already issued (January 2014) winding up orders and limitation period for invoking arbitration as well as for filing recovery suit has already elapsed since long and write off proposal was also under process. Non provisioning this has resulted in overstatement of 'Financial Assets' and profit by ₹ 10.78 crore.	The matter is still under active consideration with management and company is exploring legal remedies for recovery of dues.
<b>B.3</b>	<b>Assets - Current Assets – Inventories (Note 10) - ₹ 843.64 crore</b>	
	The above includes meters valuing ₹ 52.30 crore booked as inventories in Bathinda and Patiala Metering Divisions while meters valuing ₹ 79.66 crore had been booked as capital stores in Amritsar, Jalandhar and Ludhiana Metering Divisions in accordance	The necessary correction has been made in the financial year 2024-25.

	with accounting policy. This has resulted in overstatement of 'Inventories' and understatement of 'Capital Work in Progress – Capital Stores' by ₹ 52.30 crore	
<b>B.4</b>	<b>Equity and Liabilities - Equity Share Capital (Note 17) – ₹ 21709.73 crore</b>	
	<p>Pursuant to the implementation of Punjab Power Sector Reforms Transfer Scheme 2010, consumer's contribution, grants and subsidies amounting to ₹ 3402.37 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 ₹ 3402.37 crore'.</p>	<p>At the time of unbundling of erstwhile PSEB on 16-04-2010, all assets, liabilities, interest etc. were transferred to the State Government. The State Govt. vested the opening balances to the new entities vide Notification No.1/4/04-EB (PR)/632 dated 24-12-2012 which does not comprise any balance under consumer contributions, grants and subsidies. In this regard, the necessary disclosure has already been made at note no. 1 of financial statements.</p> <p>As such there is no overstatement of Equity Share capital and understatement of Other Equity – General Reserve.</p> <p>It is also added that the Audit has raised observation on the opening balances of the company while conducting the audit for the first year i.e. FY 2010-11 &amp; further 2013-14 to 2016-17, and on the basis of the reply was submitted, further no qualification in this regard was made since FY 2016-17.</p>
<b>C.</b>	<b>COMMENTS ON DISCLOSURE</b>	
<b>C.1</b>	<b>Micro, Small and Medium Enterprises Development Act 2006</b>	
	<p>MSMED Act 2006<sup>2</sup> requires<sup>3</sup> audited financial statements of companies to disclose; principal amount and interest due thereon separately remaining unpaid to any MSME supplier as at the end of each year, amount of interest paid under the Act along with amounts of payment made to MSME suppliers beyond the appointed day during the year, amount of interest due and payable for the period of delay in making payment beyond the appointed day during the year, amount of interest accrued and remaining unpaid at the end of year, and amount of further interest remaining due and payable even in the succeeding years.</p> <p>The above disclosure requirements have not been complied with. Test check of</p>	<p>The necessary disclosure in respect of MSME has already been disclosed at Note 49(4)(vi) and 57(6) of financial statements. So for as requirement of disclosure as per audit observation is concerned, will be considered by the company in the next financial year.</p>

	<p>payments due to MSME firms as on 31 March 2024 revealed that payments amounting to ₹ 202.35 crore were lying outstanding to MSME firms in 973 cases as on 31 March 2024 out of which payments amounting to ₹ 185.11 crore were lying outstanding in 825 cases beyond appointed dates with delay of ranging up to 180 days, thereby making the Company liable to penal interest under MSMED Act 2006.</p>	
<b>C.2</b>	<b>Segment Reporting</b>	
	<p>Separate financial information for reportable operating segments of generation business and distribution business has not been disclosed in non-compliance of Ind AS-108 (Operating Segments) as well as PSERC MYT Regulations 2019<sup>4</sup> which provide<sup>5</sup> for the distribution licensee, also carrying out the generation business, to prepare separate Annual Accounts for each of its businesses, and segregate the accounts of Company into generation business and distribution business.</p>	<p>Company's assets, liabilities, manpower resources and funds are common and can't be suitably bifurcated. Thus, company is not having discrete financial information of generation of power and distribution of power as per Para 5(c) of Ind AS-108. Company has also been considered entity as a whole for resources allocations as per Para 5(b) of Ind AS-108.</p> <p>Hence, mandatory conditions 5(b) and 5(c) of Para Ind AS-108 are not met; therefore, company is not required to disclose the segment revenue, segment results, segment assets and liabilities of generation of power and distribution of power. Further entity wide disclosures are required to be given in case of single reporting segment which have already been given in note no. 52 of financial statements.</p> <p>As such, PSPCL is having business of power generation and distribution falls under one segment accordingly the same has correctly been disclosed.</p>
<b>C.3</b>	<b>Shanan Hydroelectric Power Project</b>	
	<p>110 MW Shanan Hydro Power Project (SHPP) located in Jogindernagar (Himachal Pradesh) was executed in terms of an agreement dated 3 March 1925 between erstwhile British Government of India and Raja of Mandi (Darbar) according to which Darbar would retain full jurisdiction and sovereign rights over such land and after the expiry of 99 years the lease would be renewable by Government on terms agreeable between parties. Central Government had allocated (May 1967) the operation of SHPP to erstwhile Punjab State</p>	<p>With respect to Shanan Power House Hydrel Project, a lease agreement was executed on 03-03-1925 for a period of 99 years between erstwhile British Government of India and Raja of Mandi (Darbar) according to which Darbar would retain full jurisdiction and sovereign rights over such land.</p> <p>Afterwards, on 01-11-1966, the erstwhile Punjab state was reorganised and ownership of assets &amp; liabilities of reorganised states were decided vide notification dated 01-05-1967. As per this</p>

<p>Electricity Board (PSEB) of Punjab. Himachal Pradesh Government as the successor of Raja of Mandi has decided not to extend/ renew ibid lease beyond 2 March 2024 and asked Central and Punjab Government to hand over SHPP to Himachal Pradesh. State Government has filed (February 2024) a suit before Hon'ble Supreme Court to restrain Himachal Pradesh from taking possession of SHPP which is presently sub-judice. The issue of completion of lease period and the ownership of SHPP being sub-judice having a significant bearing on the operations and financial position of the Company was not disclosed.</p>	<p>notification of Govt. of India under section 67(4) of the Punjab re-organization Act, 1966, assets &amp; liabilities of Hydro Power House (4x12MW) Joginder Nagar were allocated to Punjab (PSEB now PSPCL). As the Act of the Parliament is legally valid and enforceable document and finally determines the rights of the states by virtue of which the lease agreement dated 03-03-1925 ceased to exist. Moreover, the parties of lease agreement ceased to exist. Hence, the rights as are notified by the parliament of India are legally enforceable. The title thus vested with PSEB (now PSPCL).</p> <p>Further, the Govt. of India, Ministry of Irrigations and Power vide their letter no. EL-II.77(45)/71 dated 22-03-1972 conveyed to Secy. to GOHP, Deptt. of Multipurpose Projects and Power that the allocation of Power Stations conveyed vide notification 01-05-1967 would not be modified. Further, the issue with regard to the ownership of the property was raised by the Govt. of Himachal Pradesh with Deptt. of Power, Ministry of Energy and the same was again unequivocally rejected by Govt. of India.</p> <p>Furthermore, CWP No 4177 of 2020 filed by Himanchal Pradesh seeking relief to transfer the project from Punjab to Himanchal Pradesh was decided by Hon'ble High Court of Himanchal Pradesh vide its order dated 13-03-2023 with directions to Government of India to decide the matter. Accordingly, Govt. of India has directed vide its interim order dated 01-03-2024 that the State Govt. of Himachal Pradesh and the State of Govt. of Punjab shall maintain status-quo with regard to the functioning of the Shanan Power house, till a final decision is taken by Govt. of India.</p> <p>Hence, the matter is mainly pending with GoI and GoI has already decided this matter in 1972 as referred above. Petition filed by GoP to restrain GOHP from taking possession is merely</p>
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		<p>additional legal remedy for safeguard companies' assets.</p> <p>Therefore, considering the earlier two orders of GoI in favour of Company, no financial implications are expected in this case. Still said fact is noted for compliance in future.</p>
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<sup>1</sup> Nabha Power Limited

<sup>2</sup> Micro, Small and Medium Enterprises Development Act, 2006

<sup>3</sup> Section 22

<sup>4</sup> Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019

<sup>5</sup> Regulation 4.3 and Regulation 5.1

