



GOVERNMENT OF KERALA
Planning & Economic Affairs (BPE) Department

No.PLGEA-BPE3/124/2021-PLGEA

Thiruvananthapuram,

Dated: 29/07/2021

CIRCULAR

Sub:- Finalization of Annual Accounts of Public Sector Undertakings – Strict compliance of the provisions of the Companies Act, 2013 – Regarding.

As per the provisions of Section 96 of the Companies Act, 2013, the Annual General Meeting of a company is required to be held once in every calendar year and not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited financial statements for the financial year have to be placed in the said Annual General Meeting for consideration. According to Section 394 and 395 of the Companies Act 2013, 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, laid before the House of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the Comptroller & Auditor General (C&AG). Section 129 (7) of the Companies Act, 2013 provides for levy of penalty like fine and imprisonment on the persons including Directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013. However, it is observed that many of the State Public Sector Undertakings are not fully complying with the above statutory provisions.

2. The Principal Accountant General (Audit) has reported that Annual Accounts have not been finalised in a number of Government Companies for long periods. The non-finalisation of accounts is of grave concern as it may pave the way for the possibility for fraud and leakage of public money apart from violation of the provisions of the relevant statutes. Further, the Government being the owner, will not get a correct picture of the state of financial health of the organisation.

3. Already various instructions have been issued from the Government with regard to avoidance of delay in finalisation of accounts; however, the progress achieved is not satisfactory. The delay noticed in the finalisation of annual accounts of the Public Sector Undertakings is a matter of serious concern to the Government.

4. In the above circumstances, while reiterating the earlier instructions issued in this regard, the Chief Executives of all PSUs, where finalisation of accounts is in arrears, are once again directed to take all possible steps on a war footing to finalise the annual accounts and clear the arrears. They may work out an action plan to clear the backlog in the finalisation of accounts and submit the details thereof to the Principal Accountant General (Audit), Kerala, under intimation to the Government, Planning & Economic Affairs (BPE) Department.

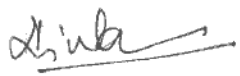
5. The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the annual accounts are finalised and adopted by these PSUs within the time limit prescribed in the Companies Act. The subject with regard to non-finalisation of annual accounts shall be included as one of the agenda items of all the Board meetings for deliberations on the status. The Government Directors should ensure that this matter is deliberated in all Board meetings till the backlog is cleared. This Circular may be placed in the ensuing Board meeting of all PSUs.

TEEKA RAM MEENA IAS
ADDITIONAL CHIEF SECRETARY

To

All Administrative Departments in Government Secretariat including Law and Finance.
The Managing Directors/Chief Executive Officers of all Public Sector Undertakings.
✓ Information & Public Relations (Web & New Media) Department
(For uploading in the official website).
PA to Additional Chief Secretary, Planning & Economic Affairs Department.
Stock File/Office copy.

Forwarded/ By Order,


Section Officer.