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**HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2009-2010)**

**(TWELFTH VIDHAN SABHA)
FIFTY SIXTH REPORT**

**ON THE
REPORT
OF THE**

**COMPTROLLER AND AUDITOR GENERAL
OF INDIA
FOR THE YEAR 2005-06
(COMMERCIAL)**



(Presented to the House on ...*16th* March, 2010)

**HARYANA VIDHAN SABHA SECRETARIAT, CHANDIGARH
MARCH, 2010**

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COMPOSITION
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS
(2009-2010 upto 21st August, 2009)

CHAIRPERSON

- 1 Shri Anand Singh Dangr

MEMBERS

- *****2. Shri Shadi Lal Batra
- 3 Shri Sher Singh
- ***4 Shri Jitender Singh Malik
- 5 Shri Somvir Singh
- *6 Shri K. L. Sharma
7. Shri Bhupinder Chaudhry
8. Shri Naresh Kumar Sharma
9. Shri Randhir Singh
- *+10. Shri Arjan Singh
- *****11 Shri Shiv Shankar Bhardwaj

(2009-2010 from 28th October, 2009)

CHAIRPERSON

- 1 Shri Anand Singh Dangr

MEMBERS

2. Shri Devender Kumar Bansal
3. Shri Krishan Pal Gurjar
- 4 Shri Naresh Sharma
5. Shri Ram Niwas Ghorela
- 6 Dr. Bishan Lal Saini
- 7 Shri Mohammed Ilyas
- 8 Shri Aftab Ahmed
- 9 Dr Hari Chand Midha

SECRETARIAT

- 1 Shri Sumit Kumar, Secretary
2. Shri Rajinder Kumar Nandal, Joint Secretary

* Resigned from the membership of the Committee w.e.f. 6-4-2009 and accepted on 12th May, 2009.

** Nominated as a member for the remaining period of 2009-2010 w e f 12th May, 2009.

*** Resigned from the Membership of the Committee w.e.f. 22nd May, 2009 on being elected as Member of Parliament (Lok Sabha)

***** Nominated as a member for the remaining period of 2009-2010 w e f 4th June, 2009.

***** Resigned from the Membership of the Committee w.e.f. 11th August, 2009 on being elected as Member of the Council of States (Rajya Sabha).

(v)

INTRODUCTION

I, the Chairperson of the Committee on Public Undertakings having been authorized by the Committee in this behalf present this Fifty Sixth Report of the Committee on the Report of the Comptroller and Auditor General of India for the year 2005-06 Haryana Power Generation Corporation Limited (Review). Haryana Agro Industries Corporation Limited, Dakshin Haryana Bijli Vitran Nigam Limited and Haryana Financial Corporation Limited

The Committee for the year 2009-10 undertook the unfinished work of the previous Committee(s) and also orally examined the representatives of the Government/Public Sector Undertakings/Boards where necessary. A brief record of the proceedings of the various meetings and on its inspection/spot-study has been kept in the Haryana Vidhan Sabha Secretariat.

The Committee are thankful to the Principal Accountant General (Audit) Haryana and her staff for their valuable assistance and guidance in completing the Report. Committee are also thankful to the Financial Commissioner and Principal Secretary to Government, Haryana, Finance Department including his representatives and representatives of the Department/Corporations/Boards concerned who appeared before the Committee from time to time. The Committee are also thankful to the Secretary, Joint Secretary, the dealing officer and the staff of the Haryana Vidhan Sabha for the whole hearted co-operation and unstinted assistance given in preparing the report.

Chandigarh .
The 23rd February, 2010

ANAND SINGH DANGI,
CHAIRPERSON

REPORT

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 2005-2006

Haryana Power Generation Corporation Limited

2.1 Construction and performance of Stage V (Units VII & VIII) of Panipat Thermal Power Station

(Review)

2.1.18 *Incorrect computation of price variation for civil works*

1. The contract for supply of plant and equipments (Rs 1080 crore) included supply of cement and steel (Rs. 74 20 crore) and price variation on the value of steel and cement was payable according to specified formulae applicable for supply of equipment. Accordingly, the Company allowed price escalation of Rs 4.05 crore on supply of cement and steel.

The service contract (Rs 358 70 crore) included civil works (Rs. 215.18 crore), which did not involve supply of cement and steel, as these were covered under supply of equipment. As per price variation formula for civil works, however, cement component was to be reckoned as 10 per cent, steel as 25 per cent, labour as 25 per cent, diesel as 5 per cent, other material as 15 per cent while remaining 20 per cent was to be treated as fixed element (profit) with no price variation. Since price variation on steel and cement utilised in the civil work had already been paid under a separate contract for supply of plant and equipment, the components of steel and cement in the service contract were to be treated as fixed and the price variation was payable for labour, diesel and other material only. Audit scrutiny, however, revealed that the price variation formulae for civil works was incorrectly applied to include indices of steel and cement resulting in excess payment of Rs 17.98 crore.

Due to incorrect computation, the Company paid extra price variation of Rs. 17.98 crore on civil works.

The Company stated (June 2006) that steel and cement were included by BHEL in the supply portion though these were vital parts of civil works but, with this arrangement, the Company gained financial advantage as escalation paid was less on steel and cement based on price variation formula of supply. The reply is not acceptable, as the price escalation on steel and cement, forming part of the supply contract, had already been paid under the supply contract. Therefore, price escalation under the works contract was payable on labour, diesel and other material only.

In their written reply, the State Government/Company stated as under :—

HPGCL had awarded contract to BHEL for construction of Unit-7 & 8, PTPS, Panipat on turnkey basis at a cost of Rs 1438.70 crore. PVC formulae were agreed at that time which were well established and there had been no dispute about implementation of their application in the

past. PV formulae at that included steel and cement in civil works. It was also seen at that time that the PV formulae offered by BHEL for Unit-7 & 8 Pampat and NTPC Rihand TPP were comparable

The turnkey contract was later on divided into two sub-contracts namely Supplied contract (Rs 1080 crore) and Services contract (Rs. 358.70 crore) to avoid work contract tax on supplies portion. The Service contract included civil works amounting to Rs. 215.18 crore. At this stage, BHEL included steel and cement (Rs. 74.20 crore) in supplies sub-contract and definitely HPGCL saved works contract tax (Rs. 2.968 crore @ 4%) on this amount as the same is not levied on supplies contracts

The contention of the audit that in PV formulae for civil works, coefficients for steel and cement be abolished as these items are part of supply portion and the co-efficients of other items of PV formulae be adjusted prorata is not correct. Simultaneously calculation of Rs 17 98 crore to be stated as paid in excess on account of wrong application of PV formulae in civil works is also not correct. Had this been the situation at the time of agreeing of PV formulae, the coefficients for other items of variable components of the PV formulae would have been different and not in proportion those as the audit has calculated. However the fact of the case are that steel and cement are part of civil works and therefore values of these two items were required to be included in services contract which included civil works. The steel and cement received amounted to Rs 74.20 crore. Had these been included in the civil works, supplies sub-contract would have been amounted to Rs 1005.80 crore (Rs 1080 crore – Rs 74 20 crore) and services sub-contract to Rs. 432 90 crore (Rs 358.70 crore + Rs. 74 20 crore). Had the sub contracts been divided as such, PV on supplies portion would have been paid less by Rs. 4 05 crore which represents PV actually paid on steel & cement. On the other hand, PV for civil works would have increased by Rs. 6 95 crore which is the amount of PV on steel & cement based on PVC formulae applicable for civil works. It would, therefore, be seen that HPGCL actually saved Rs. 2 90 crore (Rs. 6.95 crore – Rs 4.05 crore) on account of lesser payment of variable prices by including steel & cement in supply contract, besides saving Rs 2 968 crore on account of WCT. The relevant work sheet is attached as Annex-A.

During the course of oral examination, the Committee failed to understand how the figures were calculated by the Haryana Power Generation Corporation Limited by showing net profit of Rs. 2.96 crore. Therefore, the Committee desired that the details of the calculations be supplied to the Accountant General, Haryana under intimation to the Committee which have not been supplied so far.

Haryana Agro Industries Corporation Limited

4.4 *Loss due to improper storage of wheat stock*

Storage on open plinth and failure to maintain the health of the stock resulted in an avoidable loss of Rs. 83.37 lakh.

2. The company procures wheat from various mandis and delivers it to Food Corporation of India (FCI). FCI accepts the wheat of specified quality and makes payment of cost along with carry over charges for the period the wheat remains in the custody of the Company. The Company is required to maintain the health of the stock till its delivery to FCI and any expenditure incurred on account of segregation, restacking, replacement of bardana is to be borne by the Company.

It was noticed during audit (February 2006) that wheat stock of 17,669 MT at Sirsa pertaining to crop year 2003-04 could not be delivered as delivery schedule was not received from FCI and was stored in the open. It was not properly covered with poly covers and adequate preservation measures were not taken. As a result the stock got damaged and 974 MT of wheat had to be sold as cattle feed and for industrial use at a loss of Rs. 56.58 lakh. Apart from this, the Company had to incur an expenditure of Rs. 26.79 lakh towards labour (Rs. 13.04 lakh) and replacement of bardana (Rs. 13.75 lakh) during 2004-06 to make the stock despatch-worthy.

Thus damage due to prolonged storage on open plinth and failure to maintain the health of the stock caused an avoidable loss of Rs. 83.37 lakh.

The Management stated (August 2006) that the defaulting official had already been charge-sheeted and also attributed the cap*/long storage and non movement by FCI as cause for damage of stocks. The fact, however, remains that the Company failed to maintain the health of the stock and final action against the defaulting official was awaited.

The matter was referred to the Government in July 2006, reply had not been received (September 2006).

In their written reply, the State Government/Company stated as under :—

This audit para was framed in February, 2006. However, now the position has emerged as under :—

During 2003-2004 the Corporation purchased 25735.800 MT of wheat at Sirsa for central pool. During audit check by the audit party in Feb, 2006, it was observed by them that the wheat stock of 17669 MT at Sirsa pertaining to crop year 2003-04 could not be delivered to FCI and the same was stored in open. The audit party also observed that the stock was damaged and 974 MT wheat had to be sold as cattle feed and for Industrial Use. However, as per the record, the Corporation found that a total quantity of 3300.40 MT was damaged and sold in feed category resulting into less realization than the sale rate of sound wheat to FCI. Besides this a quantity of 2920 MT was also sold to FCI under "C" category as a result of this the Corporation received less realization than the sale rate of sound wheat.

Thus, the Corporation suffered a total loss of Rs. 2,31,71,909/- out of which Shri Khushi Ram, MI-cum-SK, Sirsa Mandi was found responsible for causing a loss of Rs. 2,23,80,914/- as per details given below :—

*Cap storage is storage in open plinths with poly covers

| S. No | Nature of losses | Amount (Rs) |
|-------------------|--|-----------------------|
| 1. | Shortage of standard weight in damaged wheat stock (434 325 MT) | 43,60,580 00 |
| 2 | 70% of over all less gain than the norms of the State Govt (182 90 MT) at FCI rates | 18,45,654 00 |
| 3 | Loss on account of less realization from FCI on wheat stock sold in C&D category | 11,20,215 00 |
| 4 | Loss on account of less realization from FCI in damaged wheat sold by the Corporation as Feed Category | 1,22,74,423.00 |
| 5 | Loss on account of abnormal expenses incurred by the Corporation on account of segregation and data operation of damaged wheat stock | 27,80,042 00 |
| Total Loss | | 2,23,80,914.00 |

For balance amount of Rs. 7,90,994/- Shri Narinder Kumar, the then DM, Sirsa was found responsible as per details given below —

| Crop year | Mandi | Total Less gain than norms | | Share of DM/Incharge | |
|-----------|-------|----------------------------|--------------|----------------------|-------------|
| | | Qty.(MT) | Amt (Rs) | Qty.(MT) | Amt (Rs) |
| 2003-04 | Sirsa | 261 29 | 26,36,649.00 | 78 39 | 7,90,994 00 |

A Vigilance Inquiry was conducted by the Vigilance Deptt. in relation to the wheat stocks damaged at Sirsa. The Report of Vigilance Inquiry was received from the Govt on 6-12-2006 and was placed before the BOD. An In-House Committee consisting of the officers of the Corporation was constituted by the Competent Authority to pin-point the responsibility of each defaulting official and indicate the actual losses suffered by the Corporation. The report of the In-House Committee was received on 8-6-2007 wherein the concerned Mandi Inspector-cum-Storekeeper of Sirsa Mandi in Crop year 2003-2004, namely, Shri Khushi Ram and the then Distt. Manager, FSC, Sirsa Shri Narinder Kumar have been found responsible.

The matter was again placed before the BOD in its meeting held on 2-4-2008 and in pursuance of the decision of the BOD and the recommendations of the Vigilance Deptt, FIRs were lodged against S/Shri Khushi Ram, MI-cum-SK for causing loss due to shortage in standard weight and Shri Narinder Kumar, Distt. Manager for negligence and connivance, in Police Station City, Sirsa on 24/25-6-2008. Shri Khushi Ram, MI-cum-SK, Sirsa Mandi has been chargesheeted as per Certified Standing Orders of the Corporation vide this office Memo No EA-V-2008/18984 dated 21-1-2009 for causing a loss of Rs 2,23,80,914 and Shri Narinder Kumar has also been chargesheeted as per Certified Standing Orders of the Corporation vide this office Memo No EA-I-2009/19033 dated 22-1-2009 for causing a loss Rs.7,90,994 to the Corporation on account of giving less gain than the fixed norms in the crop year 2003-2004.

Recovery Suit against Shri Khushi Ram alongwith interest @ CCL for Rs 2,70,05,976 (Principal amount of Rs. 2,23,80,914 plus interest Rs 46,25,062) has been filed in the Civil Court at Sirsa on 3-3-2009 Similarly Recovery Suit against Shri Narinder Kumar alongwith interest @ CCL for Rs. 9,54,455 (Principal amount of Rs 7,90,994 plus interest Rs. 1,63,461) has been filed in the Civil Court at Sirsa on 3-3-2009

Shri Khushi Ram submitted reply to the chargesheet on 7-2-2009 which was found unsatisfactory and accordingly a regular departmental inquiry has been instituted against him by appointing Shri M. P Singh, Dy General Manager (Wheat) as Inquiry Officer *vide* this office order dated 30-3-2009 and inquiry is going on against him.

Shri Narinder Kumar has not submitted reply to the chargesheet and has requested for inspection of certain documents at Sirsa, permission for which has been granted to him.

During the course of oral examination of the departmental representatives, the Committee desired to know the full details about the fixing of responsibility and the lodging of FIR against the officers/officials who were found guilty in the case for not taking appropriate steps for storage of wheat.

Dakshin Haryana Bijli Vitran Nigam Limited

4.5 Loss of revenue

Non-deletion of tamper data coupled with improper overhauling of the consumer account resulted in loss of revenue of Rs. 25.61 lakh.

3. The Sales Manual of the Company provides that in the case of an inaccurate meter found at the premises of a consumer, his account shall be overhauled for actual period of default or for a period not exceeding six months immediately preceding the date of checking. For determining the exact date of default, a tamper indicator with a memory of 50 events is inbuilt in the meter. Sales instructions (August 2002) required that the tamper data should be washed out (deleted) after it has exhausted its capacity of 50 recording events to have further recording on it.

Metering and Protection (M&P) staff of the Company checked (January 2004) the premises of Realest Super Services Private Limited, Gurgaon (sanctioned load 1717 KW) under OCC sub division, Gurgaon (previous checking 25 April 2003) and noticed that the meter was slow by 33.33 per cent. The meter was replaced in March 2004. The sub-division charged additional amount of Rs. 10.59 lakh to the account of the consumer for the period from December 2003 to February 2004 on the basis of the consumption pattern during November 2002 to January 2003.

Audit scrutiny (January 2005) revealed that though the tamper data memory of the meter had exhausted in April 1998, the data was not washed out and as such the meter could not record the dates of tampering thereafter. In the absence of such recording, exact date of 'slowness' of the meter could not be determined. Consumption data of the consumer, however, revealed that there was a substantial downfall (25.13 per cent) in power consumption in October 2003 (3,76,920 units) as against the consumption of September 2003 (5,03,450 units), which indicates that the fault crept in during October 2003. On the basis of significant decrease in the power consumption, slowness of the meter should have been taken from October 2003 and the customer's account overhauled accordingly by charging Rs. 3620 lakh as per the extant rules instead of Rs. 10.59 lakh based on previous year's consumption. Thus non-washing of the tamper data in time and resultant improper overhauling of the account resulted in loss of revenue of Rs. 25.61 lakh to the Company.

The matter was referred to the Government and the Company in February 2006, their replies had not been received (September 2006).

In their written reply, the State Government/Company stated as under :—

It is submitted that as per M&P checking report dated 19.1.2004, the meter of the subject cited consumer was found slow by 33.33%. The account of the said consumer was overhauled for the defective period w.e.f. 11/2003 to 1/2004 on the basis of consumption recorded during the corresponding period of 11/2002 to 1/2003 and accordingly a sum of Rs. 10,59,530/- was charged to the consumer and the same has been recovered on 25.3.2004. The said meter was again checked by the Committee of officers twice after 19.1.2004 and the working of the meter on all the 3-phases was found in order as maintained in the Chief Engineer (OP) DHBVN, Delhi office memo No. Ch.8/WO-798 dated 8.3.2004 (copy attached as Annexure-I). It was further decided vide C.E. (OP) Delhi memo referred to above that the existing trivector meter be got replaced immediately and the account of the consumer be overhauled for the last six months prior to 19.1.2004 on the basis of corresponding consumption of last year, but on scrutiny it was observed that consumption

during 8/03 to 10/03 is far better than that of consumption recorded during 8/02 to 10/02 as mentioned below and accordingly, this period was not considered as defective

Consumption data from 8/02 to 10/02, 8/03 to 10/03 and 8/04 to 10/04.

| Month & year | Consumption | Month | Consumption | Month | Consumption |
|----------------|------------------|-------|------------------|-------|------------------|
| 8/02 | 258040 | 8/03 | 404960 | 8/04 | 312994 |
| 9/02 | 405440 | 9/03 | 503450 | 9/04 | 467472 |
| 10/02 | 351860 | 10/03 | 376920 | 10/04 | 446419 |
| Total : | 10,15,340 | | 12,85,330 | | 12,26,885 |

It is further submitted that the said meter was replaced on 11/3/04 and after removal of the meter it was sent to M/s Secure Meters Limited for further analysis, who submitted their report dated 9.3.2005 (copy attached as Annexure-II) that the working of the meter was found O K. The meter was also checked by them on cross points and found the errors within limit.

It was also submitted that the consumption recorded during the corresponding month of succeeding year i.e. 8/04 to 10/04 is also comparative to the consumption recorded during 8/03 to 10/03 as shown above.

It is further added that tampered data in the Trivector meter were not washed out due to rush of work in the Sub-division. The metering equipment was periodically checked on 19.1.2004 after a lapse of nine months from the date of previous checking i.e. 23.4.2003 due to rush of work in the M&P Division.

The Committee feels that the meters were checked at the very later stage whereas these should have been checked within six months. The Committee also desired to know who is responsible in this case.

The Committee also feels that there was no mechanical defect in the meter. The Committee further desired to know who was the checker and his responsibility be fixed.

The Committee further desired that a report be sent for the information of the Committee after checking the full facts/details.

Haryana Financial Corporation

4.17 Irregular disbursement of loan

Not ensuring availability of working capital with the loanee while sanctioning loan, acceptance of corporate guarantee in lieu of collateral security and release of loan despite doubtful antecedents of a sister concern being known had rendered the recovery of Rs. 3.44 crore as improbable.

4. The Corporation sanctioned (May 1998) a term loan of Rs. 2.40 crore to Singhal Industries Limited (unit) for manufacturing precision steel tubes at Sampla, district Rohtak. As per the appraisal report, the unit was required to arrange working capital ranging between Rs. 63.40 lakh and Rs. 84.47 lakh during the first three years of its operation. As per the policy in vogue, the loanee was required to provide collateral security of a given amount against the sanctioned loan for establishing the unit outside the industrial areas developed by Government agencies.

The Corporation released Rs. 1.25 crore during March-April 1999 after obtaining corporate guarantee of the sister concern as collateral security in deviation of its laid down policy of obtaining collateral security of immovable assets. The Corporation received (16 May, 1999) a letter from Bank of Baroda to ascertain the authenticity of the credit worthiness certificate issued by the Corporation (4 December, 1998) relating to the accounts of the sister concern. The Corporation intimated (26 May, 1999) the bank that the credit worthiness certificate was forged as no such certificate was issued by it. Despite this, the Corporation further released Rs. 75 lakh on 12th July, 1999. The unit defaulted in repayment since November, 2000 due to non-availability of working capital. The Corporation recalled (August 2001) the entire loan and issued (June 2002) notice under Section 29 of State Financial Corporations Act, 1951 for taking possession of the unit. The unit submitted a proposal under 'Extension in Currency Scheme' for clearance of overdue amount and deposited the requisite amount of Rs. 49.10 lakh (June 2002 to May 2003). As per the scheme, the Corporation waived off (July 2003) the penal interest (Rs. 14.78 lakh) and treated the balance amount of Rs. 72.41 lakh as overdue amount, repayable in five years in quarterly instalments. The unit did not make any payment thereafter and approached (January 2004) the Board of Industrial and Financial Reconstruction (BIFR) for getting itself registered as a sick Company. As a result the Corporation could not take physical possession of the unit.

Thus, not ensuring availability of working capital with the loanee while sanctioning the loan, acceptance of corporate guarantee in lieu of collateral security and release of Rs. 75 lakh despite learning about the doubtful antecedents of the guarantor coupled with failure to take over possession under Section 29 of the State Financial Corporation Act, 1951 prior to the unit getting registered with BIFR in January 2004, had put the recovery of Rs. 3.44 crore (Principal Rs. 1.91 crore and interest : Rs. 1.53 crore) as on March 2006 at stake.

The management stated (May 2006) that the corporate guarantee was accepted as collateral security as the promoter showed their inability to mortgage any property as it had already mortgaged properties to institutions/banks. The fact of submission of forged documents came to notice on 12 July, 1999 and no disbursement was made thereafter. The reply is not tenable as acceptance of corporate guarantee was violative of the laid down policy and the fact of forged documents was in the notice of the Corporation in May 1999.

The matter was referred to the Government in March 2006; the reply had not been received (September 2006).

In their written reply, the State Government/Company stated as under .—

The audit has observed in this case that because of non ensuring availability of working capital, acceptance of corporate guarantee instead of collateral security and continuing disbursement after knowing the antecedents of the sister concern has put the recovery to the tune of Rs 3 44 crores at stake.

The first issue is with regard to non ensuring availability of working capital In this regard, it is clarified that at the time of appraisal of this project it was observed that the company has already submitted project report to its bankers namely Oriental Bank of Commerce, Rajgarh Colony, Delhi for working capital limits. It can further be observed that its sister concern namely M/s Singhal Strips Ltd had availed first loan from the Corporation in April 1994 It was also sanctioned and the sister concern indicated that sales were to the tune of Rs 970 00 lacs, Rs. 2011 00 lacs and Rs 2208 00 lacs and the company was in profits to the extent of Rs. 1 43 lacs, Rs 96.30 lacs and Rs. 30 79 lacs during the year 1994-95, 1995-96 & 1996-97 respectively. It could also be observed that the sister company was enjoying fund based facilities and non-fund based facilities from Bank of Baroda, Delhi There was enough reasons to presume that the working capital would be made available to the unit and as per normal practice no such stipulation with regard to commitment of working capital limit prior to disbursement of loan was imposed in this regard Working capital limit is sanctioned by the Bank only when project is implemented and requirement of working capital is assessed by the Bank at that stage only, therefore, imposing any such pre-condition would not have been practical Thus, the observation that because of non-ensuring of availability of working capital, the unit has become non-operational/sick and, therefore, the recovery of the dues of the Corporation is at stake is not factually correct.

The 2nd observation with regard to acceptance of corporate guarantee instead of collateral security is also not correct. This unit was set up on a premises outside the controlled area and NOC from Town & Country Planning Deptt was taken at the time of disbursement of loan. As per the normal policy, the Corporation insists for 30% collateral security whenever the unit is set up outside the controlled area/industrial area In this case, the matter regarding collateral security was duly deliberated in the Advisory Committee meeting held on 27 4 1998 and the promoters were asked to provide collateral security but because of their inability and in view of the fact that it had already mortgaged properties to the financial institution/bank, further collateral security was not feasible However, the company agreed to offer corporate guarantee of its sister concern namely M/s Singhal Strips Ltd which was existing profit making loanee company of the Corporation and HSIDC. M/s. Singhal Strips Ltd was regular with both the financial institutions and the net worth was reported at Rs. 406 52 lacs and the gross block at Rs. 968.71 lacs against which the long term liabilities were to the tune of Rs. 508 53 lacs. Besides, it was also observed that M/s Singhal Strips Ltd owns 6 acres of land whose present market value was of the order of Rs. 75.00 lacs against the book value of Rs 6 52 lacs. Thus, on the basis of strength of sister company M/s Singhal Strips Ltd and its track record, the Corporation accepted corporate guarantee instead of collateral security and the entire matter was placed before the Board of Directors of the Corporation where complete background of the sister company namely M/s Singhal Strips Ltd as highlighted in the agenda note. The loan proposal was approved by the Board of Directors of the Corporation on 13.5 1998 and thus it was a conscious decision by the Board

With regard to observation that the Corporation continued disbursement after knowing the antecedents of the sister concern is also not correct. The Corporation started disbursement of loan to M/s. Singhal Inds Ltd in March 1999 and the last disbursement had been made on 12.7.1999. The Corporation received a letter from Bank of Baroda for the first time on 7.4.1999 where the bank had made certain queries with regard to the loan sanctioned by the Corporation. The queries raised by the bank were duly replied on 4.5.1999. The Corporation again received letter from Bank of Baroda in June 1999 where the bank had raised the issue of corporate guarantee and desired to know that whether any permission to this effect has been given by their bank. They also desired to know whether the Corporation had waived the condition of corporate guarantee without bank's concurrence. This letter was duly replied on 8.6.1999. The Bank of Baroda wrote its next letter on 21.7.1999 where it revealed certain facts about the irregularities committed by M/s. Singhal Strips Ltd. This letter was promptly attended to and after receipt of this letter the Corporation did not disburse any loan to the company and the unavailed portion of loan to the tune of Rs 40.00 lacs was cancelled by the Corporation. As stated earlier the last disbursement made by the Corporation to the company on 12.7.1999.

It would be worthwhile to mention here that M/s. Singhal Strips Ltd got itself registered with BIFR on 24.6.1999. As regards antecedents of M/s. Singhal Strips Ltd are concerned, it was a regular account and the company had repaid substantial amount to the Corporation both in original as well as additional loan accounts. The performance of this company was showing increasing trends when the Corporation sanctioned loan to M/s. Singhal Industries Ltd. Therefore, it will not be appropriate to state that the Corporation continued disbursement after knowing the antecedents of its sister concern. The Corporation took effective steps to stop the disbursement and cancelled the unavailed loan after the irregularities were brought to the notice of the Corporation by Bank of Baroda. It is further clarified that the company M/s. Singhal Strips Ltd has settled the loan account with the Corporation and account stands adjusted.

As the unit failed to repay the dues, orders were passed for taking over possession of the unit u/s 29. The possession of the unit was to be taken over on 3.12.2003 which was postponed to be taken on 30.12.2003. At the time of visit of BM, Rohtak at factory site on 30.12.2003, nobody was available to hand over the possession. However, some parts of machinery and G. Set were also found missing. A fresh notice was issued to the party to restore the machinery items and the possession was to be taken over on 23.1.2004. In the meantime, the party submitted its application before BIFR on 5.1.2004. Once the company goes to BIFR, the Corporation can not sell assets of the Industrial Concern as per Section 22 of SICA. Therefore, the possession of primary security could not be taken over by the Corporation. The Corporation has filed an application u/s 22 (1) of SICA for allowing the Corporation to take recovery steps u/s 29 of SFCs Act. BIFR in its hearing held on 15.6.2006 has declared the company as sick and has appointed HFC as Operating Agency for preparing feasibility report. The party was advised to furnish information/documents to facilitate the Corporation to prepare feasibility report. However, the party has not submitted the same. The party was called for discussions at Head Office. The party disclosed during discussions that they are interested in settlement of their loan account and will submit request for the same shortly. No proposal for settlement has been received.

During the course of oral examination, the Committee took serious view of the fact that after knowing the forged letter of the bank produced by M/S Singhal Strips Limited further loan was disbursed.

The departmental representatives during the course of oral examination admitted that irregularity has been committed in this case and assured the Committee that the department will examine it from the point of view of civil and criminal liability.

Keeping in view of the above, the Committee desired to fix responsibilities of the defaulting officers/officials and give factual position to the Committee within one month. The Corporation in its latest letter of February, 2010 intimated that the settlement has been arrived at with the firms for Rs. 200.05 lacs and the cheque of Rs. 26.10 lacs towards full & final payment was under realization. The Committee is not satisfied as no action has been taken against the officers/officials who were responsible for disbursements of loan after knowing the forged letter given by the firm.

4.18 *Non recovery of loan due to irregular disbursement*

Disbursement of loan without ensuring availability of working capital and relaxation of requirement of collateral security from 50 to 30 per cent led to non recovery of Rs. 1.44 crore.

5. The Corporation sanctioned (July 1997) loan of Rs. 44.65 lakh (term loan - Rs 34.87 lakh and working capital loan - Rs 9.78 lakh) to Tirupati Alloys (unit) for manufacturing brass sheets at Jagadhri with the stipulation that the unit would furnish collateral security equivalent to 50 per cent of the term loan and 100 per cent of the working capital loan. The unit requested (July-August 1997) to reduce the collateral security to 30 per cent of the term loan as the unit was being set up within the municipal limits. It also requested to cancel the working capital loan as it would arrange the same from its own resources or banks. The Corporation initially turned down (August-September 1997) the request as a conscious decision had been taken by the advisory committee to have more collateral security, keeping in view the type of unit and realisable value of assets of the proposed project. But on the unit's subsequent request (November 1997) the Corporation agreed (December 1997) for collateral security of 30 per cent of the term loan and cancelled the working capital loan without ensuring availability of working capital with the loanee to run the unit. The Corporation accepted (March 1998) a house measuring 144 sq. yards at Yamunanagar with assessed value of Rs. 8.72 lakh as collateral security which worked out to 25 per cent of the total loan and disbursed (March-April 1998) Rs. 33.59 lakh out of the sanctioned loan of Rs 34.87 lakh. It cancelled (September 1998) the balance loan of Rs 1.28 lakh.

The loanee did not pay any instalment due from June 1999. The Corporation took (May 2000) possession of the unit under Section 29 of the State Financial Corporations Act, 1951 and could sell (April 2002) it, in its 15th attempt, for Rs 2.59 lakh. The Corporation further took possession (July 2002) of the collateral security and sold (January 2004) it, in its seventh attempt, for Rs. 4.95 lakh. After adjustment of these realisations, the outstanding amount was Rs 1.44 crore (principal and miscellaneous expenses - Rs 33.67 lakh and interest - Rs. 1.10 crore) as of March 2006.

It was noticed during audit (November 2004) that the unit did not start commercial production due to non-availability of working capital. Thus, disbursement of loan without ensuring availability of working capital and relaxation of collateral security from 50 to 30 per cent led to non recovery of Rs 1.44 crore as of March 2006.

The management stated (June 2006) that the relaxation in quantum of security was given keeping in view the value of primary security, total means of partners/guarantors and the location of the unit in municipal limits of Jagadhri. The reply is not tenable because relaxations were given without safeguarding the financial interest of the Corporation.

The matter was referred to the Government in April 2006, the reply had not been received (September 2006).

In their written reply, the State Government/Company stated as under .—

M/s. Tirupati Alloys (India) Ltd had applied for sanction of term loan and working capital loan under Single Window Scheme amounting to Rs 34.87 lacs and Rs. 9.78 lacs respectively. This was considered by the Advisory Committee for MD Level cases on 24.7.1997 when it was stipulated that the concern would offer collateral security to the extent of 50% of the term loan and 100% of working capital loan.

As per the then prevailing policy for working capital loan under Single Window Scheme, 100% collateral security was necessarily required but in respect of term loan there was no such policy. However, if the unit is outside Municipal Area/Approved Industrial Area, a minimum collateral security of 30% was required to be provided by the concern as per the then prevailing policy.

The party after the sanction of loan approached the Corporation vide its letter dated 25.7.1997 expressing its inability to provide 50% collateral security against term loan and requested for its relaxation. This request was considered by the office but was not accepted and declined on 24.8.1997. The party again approached the Corporation and requested vide letter dated 27.8.1997 to reduce the security from 50% to 30% against term loan. The party also informed the Corporation that they intend to avail working capital limits from the bank. The earlier decision of 50% collateral security was maintained. The party again approached the Corporation vide letter dated 29.10.1997 and requested for relaxing the condition of collateral security against term loan from 50% to 30%. At this point of time the Corporation reviewed and re-examined the whole issue and asked for additional information as under

1. Inbuilt security of the unit in the shape of present marketable value of land & building
2. Means of promoters and guarantors

After verification of these two aspects, it was found that the total means of partners and guarantors are to the extent of Rs. 88.55 lacs and the value of primary land and building is Rs. 4.40 lacs. The concern had already given its consent to offer collateral security to the extent of 30% of the term loan and at the same time requested for cancellation of working capital loan under Single Window Scheme. After taking into consideration the above aspects and reviewing the matter afresh, the Corporation decided to relax the condition regarding collateral security against term loan from 50% to 30%. Further, more it was a laid down policy that wherever, the units are being set up within Municipal Limits/approved industrial area, no collateral security was required. This unit was since coming up within Municipal area there was no violation of policy in seeking collateral security, rather the collateral security of even 30% was agreed upon as additional comfort.

The working capital loan of Rs. 9.78 lacs was cancelled because the party itself indicated that they would avail the same from some bank. The disbursement of term loan was not directly linked to the sanction of working capital loan to the party. It is not a pre-condition and it is generally obtained after the project is implemented. The working capital loan is sanctioned by the bank only after implementation of the project and actual assessment of working capital requirement of the unit by the bank. It is advantageous for the party for availing working capital loan from the bank because of facility of daily transaction, lower interest burden and a proper control and monitoring on the funds. The Corporation had earlier taken a decision vide circular No 982 dated 10.6.1994 for ensuring speedy implementation of the project wherein it was clearly indicated that the condition of sanction of working capital may not be insisted upon.

Thus, the observation that relaxations were given without safeguarding the interest of the Corporation are not factually correct because the decision to relax the condition was a conscious decision and within the over all framework of laid down policy regarding collateral securities

It is quite normal that some of the decisions are reviewed/re-examined and appropriate decisions are taken depending upon the merits of the case

The Recovery certificate has been issued to the Collector, Yamuna Nagar through Collector, Panchkula on 15 12 2004 under section 3 of Haryana Public Moneys (Recovery of Dues) Act, 1979 for the recovery of dues of Rs 90 15 lacs. The R C. was returned back and re-lodged on 26.4.2006. The party filed suit against R.C. & stay against arrest stands vacated. A D.O letter from Managing Director has been sent to D C , Yamuna Nagar with the request to direct the concerned officers to effect recovery by apprehending the borrowers & guarantors and attaching their personal properties or press upon them to approach the Corporation under the prevailing One Time Settlement Scheme.

The Committee desired that efforts be made to recover the amount. The Committee also desired that the properties be attached and efforts be made to locate some other properties in the name of the promoters/guarantors and the latest position be informed to the Committee.

The departmental representative during the course of oral examination assured that the recovery certificate will be relodged after tracing out the whereabouts of the party for recovery of the Corporation's dues.

4.19 *Acceptance of forged and inflated collateral security*

Acceptance of collateral security at inflated value without ensuring its clear title resulted in non-recovery of Rs. 77.54 lakh.

6. The Corporation sanctioned (April 1998) a term loan of Rs. 20 lakh to Rajesh & Company (unit) with the stipulation that the unit would furnish collateral security of not less than 100 *per cent* of the sanctioned amount. The unit offered collateral security of land measuring 47 Kanal 11 Marla in village Durjanpur Mazra Barsi, district Bhiwani which was accepted (July 1998) at a value of Rs. 45 lakh after verification by the Branch Manager. Title of the security was also checked by the Corporation's Law Officer. The Corporation disbursed Rs. 17.67 lakh in March 1999.

The unit did not repay any instalment of loan due from March, 2000. Due to persistent default, the Corporation took over (January 2001) the possession of the unit under Section 29 of the State Financial Corporations Act, 1951 and sold (April 2004) it for Rs. 0.65 lakh. The Corporation also took (April 2003) deemed possession of the collateral security. Audit scrutiny revealed that for the sale of the collateral security, the highest bid received (27 June, 2005) was Rs. 2.50 lakh against the accepted value of Rs. 45 lakh. This could not be sold even for this price as it was found that the mortgager was not the owner of the land. Besides, correctness of the valuation of collateral security was not ensured by the respective officers despite specific instructions issued (May 1996) by the Corporation. The amount outstanding against the unit as of September 2006 was Rs. 77.54 lakh (principal : Rs. 17.67 lakh, interest : Rs. 58.29 lakh and miscellaneous * expenses Rs. 1.58 lakh).

The Negotiation Committee of the Corporation, constituted to consider the sale of sick units, decided (27 June 2005) to fix responsibility for accepting land without clear title as security and for the gap between the value of security accepted and its present assessed value. No action had, however, been taken so far (September 2006).

Thus, acceptance of collateral security at inflated value without ensuring its clear title had resulted in non-recovery of Rs. 77.54 lakh.

The management stated (June/September, 2006) that it had decided to lodge FIR against promoter/guarantor of the unit alongwith all the connected persons. Final action taken in this regard shall, however, be awaited in audit.

The matter was referred to the Government in May 2006, the reply had not been received (September 2006).

In their written reply, the State Government/Company stated as under :—

Audit has observed that in respect of collateral security Corporation received highest bid of Rs. 2.50 lacs against accepted value of Rs. 45.00 lacs and this property could not be sold even for this price as it was found that mortgager was not the owner of the land.

The observation made by audit that the mortgager is not the owner of the land is correct. The facts in this case are however as under :

The concern submitted title papers in respect of collateral security in the shape of land measuring 47K 11M in the name of Shri Nihal Singh. As per the then prevailing policy, the Corporation obtained search report from an advocate, fird/Jamabandi's, copy of a khasra and on the basis of above documents, the title was found to be in order and was accepted. At the time of disbursement of loan Shri Nihal Singh executed the necessary

* Miscellaneous expenses include legal expenses, expenses incurred on watch and ward and expenses on publication of auction notice etc.

documents i.e. deed of additional security to create necessary mortgage in favour of the Corporation. The party went into default and Corporation took deemed possession of collateral security and later put it on sale. The Corporation did not receive any bid till 14th attempt in respect of collateral security. All these attempts were made by way of tenders. The Corporation in the month of May, 2005 decided to put the property directly on auction in view of amendment in auction policy. During 15th attempt, the Corporation received a bid of Rs. 2.50 lacs. During this 15th attempt, the Corporation also came to know from the Branch Manager, Bhiwani that in this case the mortgagee of property is not the actual owner of land. The Committee decided to fix the responsibility for wrongly mortgaging the land and for the gap between the value of security accepted and its present assessed value. The matter was examined and it was observed that the title documents submitted by the borrower such as Jamabandi at the time of availing of loan were not genuine and the party has committed a fraud with the Corporation by submitting forged documents and the advocate who conducted the search has also not given a true search report from the revenue record. Thus, it was concluded that the party and the advocate are responsible for wrong mortgage of property. The Corporation took decision to lodge FIR against promoter/director of the company alongwith all the connected persons including the person who conducted the search for their connivance in the criminal offence. Accordingly, the Corporation, lodged an FIR in June, 2006 against the borrowers and the advocate. The FIR was returned back to the Corporation by the police authorities with the remarks of Additional District Attorney in Sept., 2006 that the Corporation may file complaint u/s 42 of SFC's Act. The Corporation as per the advice of police authorities filed complaint u/s 42 of SFC's Act against the borrower/owner of collateral security and the patwari Shri Sher Singh who prepared the forged fird/jamabandi in the Court of CJM, Bhiwani. The matter is pending in the Court and the next date of hearing is fixed for 2.7.2007.

Thus, the necessary action of filing complaint/FIR has been taken by the Corporation in this case and as far as action against advocate is concerned, the counsel contesting the case of the Corporation has informed that during witness the name of the advocate who conducted the search will appear and he would be summoned in the Court. The Court will take a final decision in the matter.

Further, the title in this case was processed in the month of June, 1998 and at that point of time the title of any property used to be accepted on the basis of documents furnished by the borrower and the search report. It was only in the year 2003 that the Corporation modified the procedure for title examination and introduced the procedure of verification of search report and other documents from the revenue record/municipal reports by the law officer of the Corporation. Since there was no procedure prevailing in 1998 for verification of title from revenue record the responsibility for wrong mortgage of collateral security lies on the borrower and the advocate. The Corporation has already taken the action first by way of filing an FIR and subsequently filing criminal complaint u/s 42 which is now pending in the Court.

Audit has further observed that correctness of the valuation of collateral security was not ensured by the respective officers despite the specific instructions issued (May 1996) by the Corporation. This observation is factually not correct because as per the

instructions issued in May, 1996 the assessment of any property was first required to be done by an assessor on the panel of the Corporation and subsequently verified by an officer of the Corporation for its correctness. These instructions were followed in letter and spirit as could be revealed from the record that initially the collateral security assessment was carried out by assessor namely M/s. Jain Architect and Associates, Bhiwani on 14-3-1998 at Rs 57.06 lacs and the same was reverified by the Branch Manager Shri Ashok Gupta at Rs 47.55 lacs on 19-3-1998. The Branch Manager, Bhiwani had assessed the property after taking into consideration the report of Tehsildar, Bhawanikhera, Bhiwani. Before the actual mortgage of this property the Corporation even got it assessed from another officer i.e. Branch Manager, Hisar who assessed the property at Rs. 45.00 lacs. It was brought to report in writing that the market value of the land in the area is prevalent between Rs. 9.00 lacs to Rs. 10.00 lacs per acre by Tehsildar, Bhawanikhera. The written report of Tehsildar is also available on record. Thus the observation that the Corporation has not ensured the correctness of valuation of collateral security is not correct. The instructions (May, 1996) were followed rather the valuation was doubly assured from two officers of the Corporation.

The Recovery Certificate has been issued to the Collector, Bhiwani on 13-2-2007 under section 32(G) of SFC's Act for the recovery of outstanding dues of Rs 77.54 lacs. A D.O. letter from Managing Director has been sent to D.C., Bhiwani with the request to direct the concerned revenue officers to effect recovery by apprehending the defaulters & attaching their personal properties or press upon them to approach the Corporation under the prevailing One Time Settlement Scheme.

The Committee feels that serious irregularities have been committed in this case from very beginning and neither the case was dealt properly nor the assessment was done properly.

Therefore, the Committee desired that the full facts of the case be checked and proper action be taken against the erring officers/officials. After taking the action, the matter may be reported to the Committee.

2.1 (Review)

ANNEXURE-A

Para No. 2.1.18

HARYANA POWER GENERATION CORPORATION LIMITED PANCHKULA
STATEMENT SHOWING SAVING ON ACCOUNT OF PAYMENT OF PRICE
VARIATION FOR STEEL AND CEMENT AS PER PV FORMULAE
APPLICABLE ON SUPPLIES AS AGAINST CIVIL WORKS

| PRICE INDICES | | | | | | | | | |
|--------------------------|--------|-------|--------|--------|---------|---------------------------------------|-------------------------------|--------------------|----|
| (Rs. in lacs) | | | | | | | | | |
| | M-I | D-I | S-I | L-I | C-I | PV Factor as per civil works | Value of Steel & Cement | Price Variation | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 18 |
| Base Date December, 2000 | 158.50 | 16.26 | 137.60 | 446.00 | 151.60 | — | — | — | |
| Upto February, 2003 | | | | | | 6.289 | 1,626.34 | 102.28 | |
| Upto March, 2003 | 169.4 | 19.91 | 119.10 | 487.00 | 147.800 | 6.289 | 470.67 | 29.60 | |
| Upto April, 2003 | 171.6 | 21.75 | 150.20 | 493.00 | 147.700 | 7.594 | 691.00 | 52.47 | |
| Upto May, 2003 | 173.1 | 21.54 | 150.20 | 494.00 | 147.900 | 7.741 | 998.73 | 77.31 | |
| Upto June, 2003 | 173.4 | 19.75 | 183.40 | 497.00 | 147.900 | 9.785 | 478.96 | 46.87 | |
| Upto July, 2003 | 173.6 | 19.20 | 163.50 | 501.00 | 147.000 | 9.818 | 779.24 | 76.51 | |
| Upto August, 2003 | 173.4 | 19.20 | 168.01 | 499.00 | 146.000 | 10.094 | 757.87 | 76.50 | |
| Upto September, 2003 | 173.7 | 19.20 | 178.30 | 499.00 | 144.100 | 12.213 | 434.94 | 53.12 | |
| Upto October, 2003 | 173.6 | 20.45 | 186.40 | 503.00 | 142.800 | 14.387 | 192.32 | 27.67 | |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|-------------------------|-------|--------|--------|---------|-----------------|---------------|-------|
| Upto November, 2003 | 173.7 | 20.14 | 187.90 | 504.00 | 142,700 | 14,862 | 534.22 | 78.33 |
| Upto December, 2003 | 176.1 | 19.85 | 188.90 | 502.00 | 144,900 | 14,862 | 226.39 | 33.65 |
| Upto January, 2004 | 176.9 | 20.37 | 188.90 | 504.00 | 148,200 | 15,352 | 47.79 | 7.34 |
| Upto February, 2004 | 178.7 | 21.85 | 198.60 | 504.00 | 150,200 | 17,872 | 67.44 | 12.05 |
| Upto March, 2004 | 179.8 | 21.85 | 200.30 | 504.00 | 152,600 | 18,444 | 56.51 | 10.42 |
| Upto April, 2004 | 179.8 | 21.85 | 201.10 | 504.00 | 151,200 | 18,497 | 19.80 | 3.66 |
| Upto May, 2004 | 180.7 | 21.85 | 201.80 | 508.00 | 151,200 | 18,933 | 37.78 | 7.15 |
| Total | | | | | | 7,420.00 | 694.93 | |
| Amount of PV actually paid on Steel and Cement | | | | | | | | |
| | | | | | | | 404.95 | |
| Savings | | | | | | | 289.98 | |
| Abbreviations stand for : | | | | | | | | |
| M-1 | Material Index | | | | | | | |
| D-1 | High Speed Diesel Index | | | | | | | |
| S-1 | Iron and Steel Index | | | | | | | |
| L-1 | Labour Index | | | | | | | |
| C-1 | Cement Index | | | | | | | |

ANNEXURE-I

Para No. 4.5

DAKSHIN HARYANA BIJLI VITRAN NIGAM

From

The Chief Engineer/OP
DHBVN, Gurgaon.

To

The S E (OP) Circle, DHBVN,
Gurgaon

Memo No Ch-8/WO-798

Dated 8-3-2004

Sub. : Defective meter of M/s. Realistic Super Services Corporate Park Account No. BS-5, DLF Phase-III, Gurgaon.

In continuation of this office memo no Ch-4/WO-698, dt 27-2-2004.

It was further informed by you that the energy meter installed in the premises of M/s. Realistic Super Services Corporate Park bearing Account No. BS-5 was further checked by the committee and the working of the meter on all the three phases was found in order. Accordingly it was felt that the functioning of the meter is erratic as the current in the yellow phase was not found recorded on dt 19-1-2004 whereas the current in this phase was found recorded as checked twice thereafter

This case was further discussed with the worthy M D in your presence on dt 5-3-2004 and it was decided as under —

- 1 The existing trivector meter will be got replaced immediately by a fresh meter duly tested by M&P Lab, Gurgaon
- 2 The account of the consumer is to be overhauled by the sub-division for last six months prior to the 1st date of checking i.e. 19-1-2004 on the basis of corresponding consumption of last year. This account overhauling is an adhoc arrangement to avoid loss of revenue to the Nigam but the case for final overhauling the account is required to be sent to HO for their decision.

It is, therefore, requested that the complete case for overhauling the account prior to the date of checking i.e. 19-1-2004 along with consumption pattern of the consumer duly recommended may be sent to this office immediately after the meter is replaced for decision of the GM Commercial for recouping of loss of revenue to Nigam, if any

(Sd) ..
Chief Engineer/OP
DHBVN, Gurgaon

ANNEXURE-II

Para No. 4.5

SECURE METERS LIMITED
Millneum Plaza, Sector-27,
GURGAON, HARYANA-122 001

INNOVATIVE METERING SOLUTIONS

SML/GGN/DHBVNL/KUL/0903
March 9, 2005

BS-5

DAKSHIN HARYANA BIJLI VITRAN NIGAM LTD.
Sub-Divisional Officer
OCC Sub Division, Gurgaon.

Subject : Analysis report of meter Sr. No. HRB-00063

Dear Sir,

This is in continuation of our Challan No 1547, dt. 16-02-05 regarding analysis/accuracy report of the subject meter

Meter was checked by our R&D Department, Udaipur and working of the meter was found OK. Meter was checked on cross point and found the errors within limits. Please find enclosed here with accuracy result for your ready reference.

This is for your information and necessary action.
Assuring you of our best services at all times.

Thanking you,

Yours Faithfully,
For Secure Meters Ltd

(Sd.) ,
Kuljit Chauhan

Entity TM
THE GLOBAL CCRSORTIUM

Head Office · E - Class Patrap Nagar, Industrial Area, Udaipur - 313 033, INDIA.

SECURE METERS LIMITED

SEMS

INNOVATIVE METERING SOLUTIONS

BS-5

Sheet 1 of 1

Meter Test Certificate

AND FOUND ERRORS WITHIN LIMIT

ANNEXURE

Active Errors

| Load 11% | 0.5 lag | 0.8 lead |
|----------|---------|----------|
| 120 | -0.07 | 0.24 |
| 10 | 0.07 | -0.16 |

Reactive Errors

| Load 11% | 0.5 lag | 0.8 lead |
|----------|---------|----------|
| 120 | 0.17 | 0.24 |
| 10 | 0.21 | -0.16 |

(Sd) . .
Test EnggSeal
TUVSeal
Entity TM
THE GLOBAL CCRSORTIUM

SECURE METERS LIMITED
Millneium Plaza, Sector-27,
GURGAON, HARYANA-122 001.

INNOVATIVE METERING SOLUTIONS

| | | |
|---|--|-----------------------------|
| DHBVNL SDO/OP, CCC Sub Division Sector-31, HUDA Complex, Gurgaon | Delivery Challan Dated Delivery Mode | No 1547 16-02-05 P.O. |
|---|--|-----------------------------|

| |
|--------------------------|
| Freight Receipt and date |
|--------------------------|

NOT FOR SALE

| Sr No | Prod Code | Description | Oty | Remarks |
|-------|-----------|---|-----|---------|
| | | Electronic Energy Meter Sr No HRB-00063 is being sent to SDO/OP, CCC Sub Division, Gurgaon after analysis, it is not for sale | 01 | |

For Secure Meters Ltd

(Sd.) . ,
Authorized Signatory

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