



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on
State Public Sector Enterprises
for the period ended March 2023**



उत्तराखण्ड शासन

**Government of Uttarakhand
Report No. 4 of 2025
(Compliance Audit - Commercial)**

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Comptroller and Auditor General of India
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PREFACE

This Report of the Comptroller and Auditor General of India for the period ended March 2023 has been prepared for submission to the Governor of Uttarakhand under Article 151(2) of the Constitution of India and Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

2. This Report deals with the summary of financial performance of State Public Sector Enterprises (SPSEs), oversight role of the Comptroller and Auditor General of India, including significant results of the financial audits of Government Companies and Statutory Corporations, and Corporate Governance.
3. The accounts of the SPSEs reviewed in this Report cover the annual accounts received from October 2022 to September 2023. In respect of the SPSEs where the accounts for the year 2022-23 were not received, the figures from their latest finalised accounts received, have been adopted.
4. The Report also includes results of compliance audit on "Billing Efficiency and Revenue Realisation in Uttarakhand Power Corporation Limited". The instances mentioned in this Report are those which came to notice in the course of test audit conducted during the year 2023-24. Instances relating to the period subsequent to year 2023-24 have also been included, wherever felt necessary.
5. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains the following Chapters:

Chapter-1: Summary of Financial Performance of State Public Sector Enterprises

Chapter-2: Oversight role of the Comptroller and Auditor General of India

Chapter-3: Corporate Governance

Chapter-4: Compliance Audit observations relating to Public Sector Enterprises

Chapter-1: Summary of Financial Performance of State Public Sector Enterprises

As on 31 March 2023, there were 32 State Public Sector Enterprises (SPSEs) in Uttarakhand under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Out of the 32 SPSEs, 27 were Government Companies, one was Government Controlled Other Company, and four were Statutory Corporations. Further, out of the 32 SPSEs, 23 SPSEs were functional, and nine SPSEs were inactive (including eight SPSEs under liquidation), which had ceased their operations. No SPSE was listed on any stock exchange.

Out of the 23 functional SPSEs, only five SPSEs (Uttarakhand Power Corporation Limited, Power Transmission Corporation of Uttarakhand Limited, UJVN Limited, Kishau Corporation Limited and Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited) had submitted their financial statements for the year 2022-23. Two SPSEs, viz., SIIDCUL Plastic Park Limited and Ecotourism Development Corporation of Uttarakhand, had not submitted even their first financial statements.

Turnover of 18 functional SPSEs (excluding three SPSEs with no turnover) stood at ₹ 12,569 crore, accounting for 4.14 *per cent* of the GSDP (₹ 3,03,781 crore) of Uttarakhand for the year 2022-23. The Power Sector had the largest share, contributing 3.27 *per cent* of the GSDP.

Government of Uttarakhand (GoU) invested ₹ 4,939.53 crore (equity: ₹ 3,989.52 crore and long-term loans: ₹ 950.01 crore) in the SPSEs, which accounted for 56 *per cent* of the total investment in these SPSEs. Further, budgetary support by the GoU to SPSEs in the form of grants and subsidies increased from ₹ 1,284.27 crore in 2021-22 to ₹ 2,097.31 crore in 2022-23.

Out of the 21 SPSEs, seven SPSEs had negative shareholders' funds. Analysis of the Return on Equity (ROE) - net profit after taxes divided by shareholders' fund – and Return on Capital Employed (ROCE) - earnings before interest and taxes divided by the capital employed - for the remaining 14 SPSEs based on their latest finalised financial statements, indicated that nine SPSEs recorded a positive ROE/ROCE, three SPSEs reported a negative ROE/ROCE, and two SPSEs reflected a 'nil' ROE/ROCE.

As per the latest finalised financial statements, 10 SPSEs earned profits aggregating ₹ 231.34 crore, of which, top five profit earning SPSEs were UJVN Limited,

Uttarakhand Forest Development Corporation, Power Transmission Corporation of Uttarakhand Limited, Kichha Sugar Company Limited and Uttarakhand Purv Sainik Kalyan Nigam Limited. Nine SPSEs incurred losses amounting to ₹ 1,279.69 crore, of which, top five loss incurring SPSEs were Uttarakhand Power Corporation Limited, Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam, Doiwala Sugar Company Limited, Garhwal Mandal Vikas Nigam Limited and Uttarakhand Seeds & Tarai Development Corporation Limited. Two SPSEs reported nil profit/loss.

The GoU has not formulated any dividend policy, requiring SPSEs to pay a minimum dividend on the paid-up share capital contributed by the State Government. Out of 10 SPSEs which earned profit, only two power sector SPSEs, viz., UJVN Limited and Power Transmission Corporation of Uttarakhand Limited paid/declared dividend amounting to ₹ 20 crore and ₹ 5 crore respectively.

An analysis of the net worth of 21 SPSEs indicated that the net worth of six SPSEs had completely eroded, based on their latest finalised financial statements. These six SPSEs reported accumulated losses of ₹ 6,588.68 crore, exceeding their combined paid-up capital and free reserves and surplus of ₹ 1,796.68 crore.

Out of the 21 SPSEs, the value of total assets in 20 SPSEs exceeded the outstanding long-term loans, whereas only one SPSE, viz. Doiwala Sugar Company Limited had total assets lower than the outstanding long-term loans.

Nine inactive SPSEs (including eight under liquidation), had an investment of ₹ 16.26 crore, towards capital of ₹ 12.14 crore (State Government: ₹ 9.45 crore) and long-term loans of ₹ 4.12 crore (State Government: ₹ 4.09 crore) as per the latest information provided by the SPSEs.

Chapter-2: Oversight role of the Comptroller and Auditor General of India

CAG conducted supplementary audit of 19 financial statements of 13 SPSEs (12 Government Companies and one Statutory Corporation) and issued comments/ Separate Audit Reports (SARs) thereon during the period from October 2022 to September 2023. Besides, SARs on eight financial statements of three SPSEs, where CAG is the sole auditor, were issued during the same period.

The impact of the comments issued on the financial statements of Government Companies was ₹ 166.93 crore on profitability and ₹ 64.96 crore on financial position.

The impact of the comments issued on the financial statements of Statutory Corporations was ₹ 163.97 crore on profitability and ₹ 185.57 crore on financial position.

Chapter-3: Corporate Governance

Audit observed several deficiencies in the functioning of Corporate Governance framework in the SPSEs, as outlined below:

- Out of 12 working SPSEs, where Independent Directors were required to be appointed, seven SPSEs did not appoint Independent Directors and in one SPSE, required number of Independent Directors were not appointed. Further, separate meeting of Independent Directors was not conducted by two SPSEs wherein more than one Independent Directors were in the Board.

- Out of four working SPSEs, where Woman Director was required to be appointed, one SPSE did not have Woman Director throughout the year 2022-23.
- Out of 19 working SPSEs, eight SPSEs did not conduct the required number of meetings (minimum four) of Board of Directors during the year 2022-23. Further, the intervening period between two meetings of the Board of Directors in four SPSEs ranged between 127 days and 181 days against the prescribed timeline of 120 days.
- Out of 12 SPSEs, which were required to have an Audit Committee, six SPSEs did not constitute Audit Committee.
- Out of 12 SPSEs, which were required to have a Nomination and Remuneration Committee (NRC), nine SPSEs did not constitute NRC.

Chapter-4: Compliance Audit observations relating to Public Sector Enterprises

Subject Specific Compliance Audit on Billing Efficiency and Revenue Realisation in Uttarakhand Power Corporation Limited

The objectives of the Subject Specific Compliance Audit were to assess whether the billing activities of Uttarakhand Power Corporation Limited (UPCL) were carried out efficiently and effectively as per the prescribed provisions, the revenue realisation activities were adequate, prompt and effective, the UPCL was able to meet the targets of Collection Efficiency assigned by the Uttarakhand Electricity Regulatory Commission (UERC), and there exists a robust internal control and monitoring mechanism.

Audit observed that divisions located in Haridwar (Roorkee-Rural, Roorkee-Urban, Roorkee-Ramnagar and Laksar) and Udham Singh Nagar (Rudrapur-II in particular) had highest distribution losses among the divisions. The Electricity Distribution Circle-Roorkee alone suffered distribution loss of 964.465 MUs costing ₹ 488.50 crore during the years 2021-22 to 2023-24.

The Government of Uttarakhand established (November 2018) a Vigilance Cell in UPCL. However, adequate number of police officials were not deployed. The Raids and Revenue Inspection Department, as such, did not come into existence, and the related activities were not overseen by an official of the rank of a Deputy General Manager/ Superintending Engineer.

The neighbouring state of Uttarakhand, viz., Uttar Pradesh and many other states have established dedicated Police Stations for curbing the menace of theft and unauthorised use of electricity. However, the decision taken for setting up the dedicated police stations in the two most affected districts of Haridwar and Udham Singh Nagar has been pending for more than five years (January 2025).

The number of meters checked by the UPCL field officials was short of their targets assigned by the Management and remained 31.78 *per cent* only (checking of 57,825 meters against the target of 1,81,920) during 2021-22 to 2023-24.

The UPCL continued provisional billings to 1.13 lakh consumers (with Not Accessible/Not Read/ defective meters) having arrears of ₹ 385.34 crore, for more than the prescribed time limits of two continuous billing cycles. Further, the provisions related to penalty on violation of contracted load by the domestic consumers, and non-domestic consumers (four times penalty) were implemented after being pointed out by Audit.

The audit of revenue realisation related issues, among others, indicated lack of timely disconnection of the defaulted consumers which led to accumulation of arrears of ₹ 769.10 crore over and above Security Deposit available with UPCL. The recovery rate against the Revenue Recovery Certificates (issued to the District Authorities for recovery of dues from the defaulting consumers as land revenue) was poor and remained less than 10 *per cent* of the value of the Revenue Recovery Certificates issued during the period 2021-22 to 2023-24. Other issues included delay in permanent disconnection of 16,060 consumers having arrears of ₹ 80.13 crore, providing instalment facilities to certain consumers multiple times, non-disposal of 1.30 lakh cases of Not billed /Stop Billed consumers having arrears of ₹ 441.63 crore, and inadequate internal control.

Audit acknowledged that the UPCL initiated remedial action on the following issues raised in the audit: -

- The issue of granting instalment facilities multiple times without due diligence was raised in audit. In compliance, the UPCL formulated (January 2024) due-diligence process to be followed while granting installment facility which, *inter alia*, requires the consumers to give Bank Guarantee equivalent to the amount for which installment facility is sought, to minimise the risk and avoid any loss to UPCL.
- Audit raised (January- February 2023) the matter of non-recovery of Additional Security Deposit required from the consumers based on the consumption during the previous year. In response, the UPCL filed a petition (March 2023) with the UERC, which, in turn, allowed (November 2023) UPCL to recover the dues towards Additional Security Deposit in 12 equal monthly installments resulting in recovery of Additional Security Deposit to the tune of ₹ 181.08 crore (October 2024).
- The audit analysis revealed that 32,041 domestic consumers had continuously exceeded the contracted load in the five billing cycles, but UPCL had not enhanced their contracted load *w.e.f.* sixth billing cycle, which was required as per the UERC (Supply Code) Regulations, 2020. In compliance, the UPCL implemented (August 2023) the provisions related to violation of contracted load by the domestic consumers and enhanced contracted load of 1.34 lakh domestic consumers who were violating their contracted load. As a result, UPCL was able to bill an amount of ₹ 10.83 crore on account of the enhanced Security Deposit.

- Audit analysed billing data of the 43 industrial consumers who violated their contracted load, on test-check basis, and worked out non-levy of excess load demand penalty of ₹ 1.59 crore during the period June 2021 to November 2023. On being pointed out by audit, the UPCL implemented (December 2023) the provisions of imposing an excess demand penalty of four times in respect of non-domestic consumers, raising excess demand charges of ₹ 40.85 crore and recovering ₹ 27.93 crore (August 2024).

Recommendations

1. *Uttarakhand Power Corporation Limited may expedite and prioritise smart metering in the theft prone areas and ensure regular rotation of the officers and employees in the Electricity Distribution Circles/ Divisions with higher distribution losses.*
2. *Government of Uttarakhand may expedite setting-up the dedicated Police Stations in the theft prone areas and strengthen Vigilance Cell through adequate manpower (including Police officials).*
3. *Uttarakhand Power Corporation Limited may ensure that the Chief/ Superintending Engineers conduct the inspections at the prescribed timeline, and submit inspection reports on Electricity Distribution Divisions, and action is taken on these reports. Further, Uttarakhand Power Corporation Limited may designate a Deputy General Manager/ Superintending Engineer rank officer to oversee the raids and revenue inspections.*
4. *Government of Uttarakhand may direct Uttarakhand Power Corporation Limited to restrict provisional billing to a maximum of two billing cycles and to resolve cases of Not Billed/ Stopped Billed consumers in a timely manner.*
5. *Uttarakhand Power Corporation Limited may prioritise entering the details of Revenue Recovery Certificates issued offline into the billing module to enhance follow up.*
6. *Uttarakhand Power Corporation Limited may develop a mechanism for effective implementation of the Regulations of Uttarakhand Electricity Regulatory Commission and orders/ judgments of the Consumer Grievance Redressal Forums & Electricity Ombudsman. It may include preparation of structured internal guidelines/SOPs, etc. and organising training and workshops for its staff.*

Chapter-1

Summary of Financial Performance of State Public Sector Enterprises

CHAPTER-1

Summary of Financial Performance of State Public Sector Enterprises

This Chapter presents an analysis of the financial performance of State Public Sector Enterprises regarding government investments in equity and long-term loans, various ratios indicating the financial performance of State Public Sector Enterprises, and return on investment.

1.1 Introduction

The term State Public Sector Enterprises (SPSEs) encompasses Government Companies and Government Controlled Other Companies, incorporated under the Companies Act, 2013, and Statutory Corporations established under an Act of the Parliament or the State Legislature.

Government Company

A Government Company is defined under Section 2 (45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of such a Government Company.

Government Controlled Other Company

Any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, is referred to as a Government Controlled Other Company.

Statutory Corporation

A Corporation is set up under a statute enacted by the Parliament or the State Legislature.

As on 31 March 2023, there were 32 SPSEs in Uttarakhand under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Out of the 32 SPSEs, 27 were Government Companies, one was Government Controlled Other Companies, and four were Statutory Corporations. No SPSE was listed on any stock exchange. Further, out of the 32 SPSEs, 23 SPSEs² were functional, and nine SPSEs were inactive (including eight SPSEs under liquidation), which had ceased their operations. Based on the nature of activities undertaken by the SPSEs, the 23 functional SPSEs have been categorised into two sectors, *viz.*, Power Sector (four SPSEs) and Other than Power Sector (19 SPSEs).

1.1.1 Audit mandate

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the

¹ Companies (Removal of Difficulties) Seventh Order, 2014 notified (04 September 2014) by the Ministry of Corporate Affairs, Government of India.

² 18 Government Companies, One Government Controlled Other Companies, and four Statutory Corporations.

Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors of Government Companies and Government Controlled Other Companies and gives directions on the manner in which the accounts are to be audited. In addition, the CAG has the right to conduct a supplementary audit of the financial statements of these Companies.

The statutes governing Statutory Corporations either require the CAG to conduct the audit of their accounts as the sole auditor, or to conduct a supplementary audit after the audit is conducted by Chartered Accountants appointed under the respective statutes governing the Statutory Corporations.

1.1.2 Role of Government and Legislature

The State Government exercises control over the affairs of the SPSEs through its administrative departments. The State Legislature also monitors the annual financial results of the SPSEs. For this, Annual Reports together with the Statutory Auditors' Reports and comments of the CAG on the accounts of Government Companies, and Separate Audit Reports on the accounts of Statutory Corporations are to be placed before the State Legislature under Sections 394/395 of the Companies Act, 2013 or as stipulated in the respective statutes governing the Statutory Corporations.

1.1.3 Status of financial statements

Out of the 23 functional SPSEs, only five SPSEs had submitted their financial statements for the year 2022-23. Further, two SPSEs, viz., SIIDCUL Plastic Park Limited and Ecotourism Development Corporation of Uttarakhand, had not submitted even their first financial statements. The sector-wise status of financial statements submitted by the 21 SPSEs³ up to 30 September 2023 is given in **Table-1.1**.

Table-1.1: Sector-wise status of financial statements of functional SPSEs

Sector	No. of SPSEs	Status of the latest financial statements submitted up to 30 September 2023		
		No. of SPSEs that submitted financial statements for the year 2022-23	No. of SPSEs that submitted financial statements for the year 2021-22	No. of SPSEs that submitted financial statements for the year 2020-21 or previous years
Power Sector	04	04	-	-
Other than Power Sector	17	01	07	09
Total	21	05	07	09

Source: Compiled based on the latest finalised financial statements of the SPSEs.

The financial position and working results of the 21 functional SPSEs as per their latest financial statements submitted up to 30 September 2023 are given in **Appendix-1.1** and summarised in **Table-1.2**.

³ Excluding two SPSEs that had not submitted even their first financial statements up to 30 September 2023.

Table-1.2: Summary of financial position and working results of functional SPSEs⁴

Particulars	Amount (₹ in crore)
Paid-up share capital including share application money (21 SPSEs) ⁵	4,001.62
Long-term loans (13 SPSEs)	5,027.21
Turnover (18 SPSEs)	12,569.17
Net profit (10 SPSEs)	231.34
Net loss (nine SPSEs)	(-),279.69
Zero Profit/Loss (two SPSEs)	--
Dividend declared/ paid (two SPSEs)	25.01
Total Assets	32,432.58
Net worth	(-) 180.72

Source: Compiled based on the latest finalised financial statements of the SPSEs.

1.1.4 Contribution of SPSEs to the Gross State Domestic Product

A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of their activities in the State economy. Sector-wise turnover⁶ *vis-à-vis* share of turnover of the 18 functional SPSEs⁷ in the GSDP of Uttarakhand for the year 2022-23 (₹ 3,03,781.00 crore)⁸ is detailed in **Table 1.3**.

Table-1.3: Sector-wise turnover *vis-à-vis* share of turnover of SPSEs in the GSDP of Uttarakhand

Sl. No.	Sector	No. of SPSEs	Turnover (₹ in crore)	Share of turnover in GSDP (in per cent)
1.	Power Sector	03	9,936.49	3.27
2.	Other than Power Sector	15	2,632.68	0.87
Total		18	12,569.17	4.14

Source: Compiled based on the latest finalised financial statements of the SPSEs.

From **Table-1.3**, it can be seen that the turnover (₹ 12,569.17 crore) of these 18 functional SPSEs was 4.14 *per cent* of the GSDP of Uttarakhand for the year 2022-23. The highest share of turnover in the GSDP was from the Power Sector, which contributed 3.27 *per cent*, while the Other than Power Sector contributed only 0.87 *per cent*.

1.2 Investment in SPSEs

Investment in SPSEs consists of equity and long-term loans provided by the Government of Uttarakhand (GoU). The GoU also provides financial support to the SPSEs in the form of grants and subsidies through annual budgets. The investment in the 23 functional SPSEs is discussed in the succeeding paragraphs.

1.2.1 GoU's stake in SPSEs

The sector-wise investment made by GoU in the 23 functional SPSEs, in the form of equity and long-term loans, as on 31 March 2023, is given in **Table-1.4**.

⁴ The figures in Table 1.2 have been compiled based on financial data of SPSEs for different years as indicated in Table 1.1.

⁵ Excluding two SPSEs *i.e.* SIIDCUL Plastic Park Limited and Ecotourism Development Corporation of Uttarakhand from whom even the first financial statement had not been received

⁶ As per the latest finalised financial statements of the SPSEs received up to 30 September 2023.

⁷ Out of 23 functional SPSEs, 18 SPSEs had Turnover.

⁸ As per the data by the Directorate of Economics & Statistics, Department of Planning, GoU.

Table-1.4: Details of investment made by GoU in SPSEs as on 31 March 2023

Sector	No. of SPSEs	Total investment			Investment by GoU		
		Equity	Long-term loans	Total	Equity	Long-term loans	Total
Power Sector	04	3660.29	4431.49	8091.78	3655.29	618.28	4273.57
Other than Power Sector	19	370.67	399.03	769.70	334.23	331.73	665.96
Total	23	4030.96	4830.52	8861.48	3989.52	950.01	4939.53

Source: Information provided by the SPSEs and as per latest finalised financial statements.

From **Table-1.4**, it can be seen that GoU had invested ₹ 4,939.53 crore (Equity: ₹ 3,989.52 crore and Long-term loans: ₹ 950.01 crore) in the SPSEs, which accounted for 56 per cent of the total investment in these SPSEs. It can further be seen that 87 per cent of the total investment made by GoU in the SPSEs was in Power Sector SPSEs.

Further, the investment in equity and long-term loans in the 23 functional SPSEs as on 31 March 2022 and 31 March 2023 is given in **Table-1.5**.

Table-1.5: Details of investment in equity and long-term loans in SPSEs

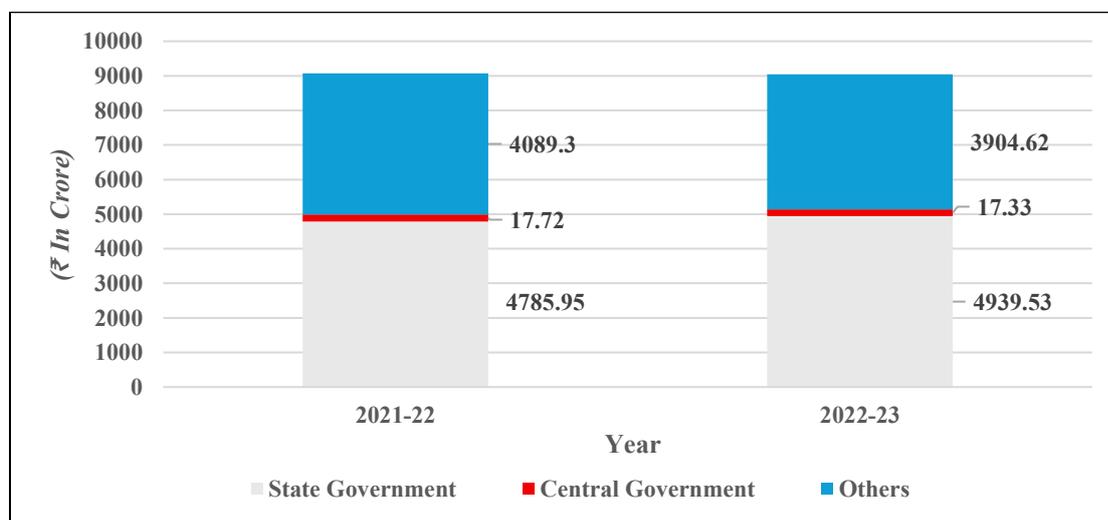
Particulars	As on 31 March 2022			As on 31 March 2023		
	Equity	Long-term loans	Total	Equity	Long-term loans	Total
State Government	3856.25	929.70	4785.95	3989.52	950.01	4939.53
Central Government	15.42	2.30	17.72	15.42	1.91	17.33
Others	16.03	4073.27	4089.30	26.02	3878.60	3904.62
Total	3887.70	5005.27	8892.97	4030.96	4830.52	8861.48
Share of GoU in total investment (in per cent)	99.19	18.57	53.82	98.97	19.67	55.74

Source: Compiled based on information provided by the SPSEs.

From **Table-1.5**, it can be seen that the total investment in the SPSEs decreased from ₹ 8,892.97 crore as on 31 March 2022 to ₹ 8,861.48 crore as on 31 March 2023.

The year-wise break-up of sources of total investment in the SPSEs at the end of the 2021-22 and 2022-23 is depicted in **Chart-1.1** below.

Chart-1.1: Sources of total investment in SPSEs



Source: Compiled based on information provided by the SPSEs.

1.2.2 Investment in equity by GoU

GoU invested an amount of ₹ 234.68 crore as equity in four SPSEs during the last two years 2021-22 and 2022-23. The equity infused by GoU in SPSEs increased from ₹ 101.41 crore in 2021-22 to ₹ 133.27 crore in 2022-23. Further, SPSE-wise equity infused by GoU during the two years 2021-22 and 2022-23 is given in **Table-1.6**.

Table-1.6: SPSE-wise details of equity infused by GoU during 2021-22 and 2022-23

Sl. No.	Name of the SPSE	Equity investment		
		2021-22	2022-23	Total
1.	Uttarakhand Power Corporation Limited	15.00	40.00	55.00
2.	Power Transmission Corporation of Uttarakhand Limited	20.00	69.00	89.00
3.	UJVN Ltd.	65.91	23.82	89.73
4.	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	0.50	0.45	0.95
Total		101.41	133.27	234.68

Source: Compiled based on information provided by the SPSEs.

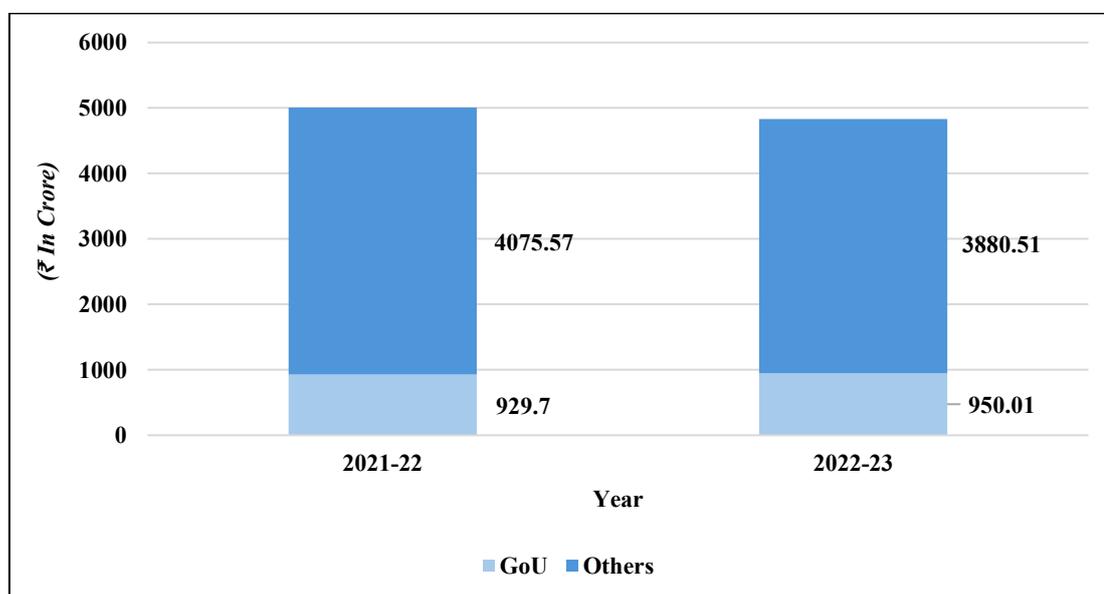
From **Table-1.6**, it can be seen that the maximum equity was infused in three Power Sector SPSEs viz., UJVN Limited (38.24 per cent), Power Transmission Corporation of Uttarakhand Limited (37.92 per cent), and Uttarakhand Power Corporation Limited (23.44 per cent).

1.2.3 Loans provided to SPSEs

On the basis of information furnished by the SPSEs, 10 functional SPSEs had total outstanding long-term loans aggregating to ₹ 4,830.52 crore as on 31 March 2023 against ₹ 5,005.27 crore as on 31 March 2022. Of these, loans from GoU stood at ₹ 950.01 crore (19.67 per cent) as on 31 March 2023 against ₹ 929.70 crore (18.57 per cent) as on 31 March 2022.

The year-wise position of outstanding long-term loans of SPSEs is depicted in **Chart-1.2**.

Chart-1.2: Outstanding long-term loans of SPSEs



Source: Compiled based on information provided by the SPSEs.

From **Chart-1.2**, it can be seen that the outstanding long-term loans given by GoU to the SPSEs increased from ₹ 929.70 crore as on 31 March 2022 to ₹ 950.01 crore as on 31 March 2023. Further, outstanding long-term loans from other sources decreased from ₹ 4,075.57 crore as on 31 March 2022 to ₹ 3,880.51 crore as on 31 March 2023.

1.2.4 Other Budgetary Support

Apart from investing in equity and providing long-term loans to the SPSEs, GoU also provides financial support to the SPSEs in the form of grants and subsidies through annual budgets. The details of budgetary support extended by GoU to SPSEs in the form of grants and subsidies during the last two years ended 31 March 2023 are summarised in **Table-1.7**. During the above period, GoU also provided guarantees to SPSEs seeking financial assistance from banks and financial institutions.

Table-1.7: Details of budgetary support and guarantees provided by GoU to SPSEs

Particulars	(₹ in crore)			
	2021-22		2022-23	
	No. of SPSEs	Amount	No. of SPSEs	Amount
Grants and Subsidies	09	1284.27	11	2097.31
Guarantees issued during the year	04	318.71	03	225.57
Outstanding guarantee commitments at the end of the year	04	186.48	03	101.18

Source: Compiled based on information provided by the SPSEs.

From **Table-1.7**, it can be seen that budgetary support by GoU to SPSEs in the form of grants and subsidies increased from ₹ 1,284.27 crore in 2021-22 to ₹ 2,097.31 crore in 2022-23.

1.2.5 Investment and other budgetary support to SPSEs with accounts in arrears

The Administrative Departments have the responsibility to oversee the activities of the SPSEs and to ensure that the accounts are finalised and adopted by the SPSEs within the stipulated period. The concerned Administrative Departments are regularly⁹ informed about the status of accounts in arrears by the Principal Accountant General/ Accountant General.

Out of the 23 functional SPSEs, GoU provided budgetary support of ₹ 2,208.10 crore (equity: ₹ 13.20 crore; long-term loans: ₹ 46.17 crore; grants and subsidies: ₹ 2,148.73 crore) to 10 SPSEs during the period for which accounts of these SPSEs were in arrears as on 31 March 2023. SPSE-wise details of investments made and other budgetary support provided by GoU during the period for which accounts were in arrears are given in **Appendix-1.2**.

In the absence of finalisation of accounts and their subsequent audit, it could not be ensured that the purpose for which the amount was invested/provided, was achieved. The investment/other budgetary support by GoU in these SPSEs, therefore, remained outside the oversight of the State Legislature.

⁹ On quarterly basis.

1.2.6 Reconciliation with the Finance Accounts of GoU

The figures in respect of equity, long-term loans and guarantees outstanding as per records of the SPSEs should agree with the figures appearing in the Finance Accounts of GoU. In case, the figures do not agree, the concerned SPSE and the Finance Department of GoU should carry out reconciliation of the differences. The differences in figures of equity, loans and guarantees¹⁰ as on 31 March 2023 are given in **Table-1.8**.

Table-1.8: Details of equity, loans, and guarantees outstanding as per the Finance Accounts of GoU vis-à-vis records of SPSEs

Particular	(₹ in crore)	
	Amount as per the records of SPSEs	Amount as per the Finance Accounts
Equity	3989.52	4043.90
Loans	950.01	731.13
Guarantee	101.18	33.45

Source: Compiled based on information provided by the SPSEs and Finance Accounts for the year 2022-23.

1.2.7 Winding up of inactive SPSEs

There were nine inactive SPSEs (including eight under liquidation) in the State. These SPSEs had an investment of ₹ 16.26 crore, towards capital ₹ 12.14 crore (State Government: ₹ 9.45 crore and Others: ₹ 2.69 crore) and long-term loans ₹ 4.12 crore (State Government: ₹ 4.09 crore and Others: ₹ 0.03 crore) as per the latest information provided by the SPSEs. This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State. GoU may take urgent and appropriate action regarding these SPSEs.

1.3 Analysis of loans

As per the latest finalised financial statements submitted by the SPSEs up to 30 September 2023, out of 23 functional SPSEs, 13 SPSEs had outstanding long-term loans aggregating to ₹ 5027.21 crore as detailed in **Appendix-1.1**. An analysis of loans of these SPSEs was done to assess the ability of the SPSEs to service the debt owed to GoU, Banks, and other Financial Institutions. This was assessed based on the interest coverage ratio and the ratio of total assets to long-term debts. Further, an age-wise analysis of interest outstanding on GoU loans was also done. The results of the analysis are discussed in the succeeding paragraphs.

1.3.1 Interest Coverage Ratio

The interest coverage ratio is used to determine the ability of an entity to pay interest on outstanding debt and is calculated by dividing the entity's earnings before interest and taxes (EBIT) by interest expenses for the same period. The lower the ratio, the less is the ability of the entity to pay interest on debt. An interest coverage ratio below one indicates that the entity is not generating sufficient income to meet its expenses on interest. The details of the interest coverage ratio of 12 SPSEs that had outstanding loans and finance cost, as per the latest finalised financial statements, are given in **Table-1.9**.

¹⁰ Equity in respect of 20 SPSEs, Loan in respect of eight SPSEs and Guarantee in respect of three SPSEs.

Table-1.9: Details of Interest Coverage Ratio of SPSEs

Type of SPSE	No. of SPSEs that had outstanding loans and finance cost	Interest (₹ in crore)	EBIT (₹ in crore)	No. of SPSEs with an interest coverage ratio equal to or more than one	No. of SPSEs with an interest coverage ratio of less than one
Government Companies	10	429.03	-611.16	5	5
Government Controlled Other Companies	1	2.17	-2.65	-	1
Statutory Corporations	1	8.35	-10.95	-	1
Total	12¹¹	439.55	- 624.76	5	7

Source: Compiled based on the latest finalised financial statements of the SPSEs.

From **Table-1.9**, it can be seen that seven SPSEs had an interest coverage ratio of less than one, which indicates that these SPSEs could not generate sufficient income to pay off their interest liability.

1.3.2 Adequacy of assets to meet long-term loan liabilities

The ratio of long-term loans to total assets is one of the methods used to determine whether an entity can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its long-term loans. Coverage of long-term loans by value of total assets in the 21 SPSEs, as per the latest finalised financial statements, is given in **Table-1.10**.

Table-1.10: Details of coverage of long-term loans with total assets of SPSEs

Type of SPSE	Positive coverage				Negative coverage			
	No. of SPSEs	Long-term loans (₹ in crore)	Total assets (₹ in crore)	Ratio of total assets to total long-term loans	No. of SPSEs	Long-term loans (₹ in crore)	Total Assets (₹ in crore)	Ratio of total assets to total long-term loans
Government Companies	15	4770.56	22710.94	4.76	1	131.14	105.66	0.81
Government Controlled Other Companies	1	19.5	78.89	4.05	0	0	0	0
Statutory Corporations	4	106.01	9537.09	89.96	0	0	0	0
Total	20	4896.07	32326.92	6.60	1	131.14	105.66	0.81

Source: Compiled based on the latest finalised financial statements of the SPSEs.

From **Table-1.10**, it can be seen that out of the 21 SPSEs, the value of total assets in 20 SPSEs exceeded the outstanding long-term loans, whereas only one SPSE, viz. Doiwala Sugar Company Limited had total assets lower than the outstanding long-term loans.

1.3.3 Servicing of interest charges and repayment of principal

Out of the 13 SPSEs that had loan liability, top three SPSEs, as given in **Table-1.11**, had defaulted in servicing their debt (principal/interest charges) as per the Statutory Auditors' Report on the latest finalised financial statements.

¹¹ One SPSE i.e. Uttarakhand Transport Corporation has loan liability but finance cost (interest) is reimbursed by GoU. Thus, finance cost is "Nil".

Table-1.11: Details of SPSEs that defaulted in servicing their debt

(₹ in crore)

Sl. No.	Name of the SPSE	Source of loan	Year of latest finalised financial statements	Amount of default
1.	UJVN Limited	GoU	2022-23	42.03
2.	Doiwala Sugar Company Limited	GoU and Mandi Parishad	2021-22	388.33
3.	Uttarakhand Seeds & Tarai Development Corporation Limited	GoU and Bank	2021-22	2.11
Total				432.47

Source: Compiled based on the Statutory Auditors' Reports.

From Table-1.11, it can be seen that the highest amount of default (89.79 per cent of the total default amount) in the servicing of debt was on the part of Doiwala Sugar Company Limited.

1.3.4 Age-wise analysis of interest outstanding on GoU loans

On the basis of information furnished by the SPSEs, interest of ₹ 512.36 crore was outstanding against four SPSEs on long-term loans provided by GoU as on 31 March 2023. The age-wise analysis of interest outstanding on GoU loans is depicted in Table-1.12.

Table-1.12: Age-wise details of interest outstanding on GoU loans

(₹ in crore)

Sl. No.	Name of the SPSE	Total outstanding interest on GoU loans	Interest outstanding for less than 1 year	Interest outstanding for 1 year to 3 years	Interest outstanding for more than 3 years
1.	UJVN Ltd.	10.16	3.33	4.17	2.66
2.	Doiwala Sugar Company Limited	273.12	21.29	63.87	187.96
3.	Kichha Sugar Company Limited	223.79	0	0	223.79
4.	Uttarakhand Seeds & Tarai Development Corporation Ltd.	5.29	0.88	2.82	1.59
Total		512.36	25.50	70.86	416.00

Source: Compiled based on information provided by the SPSEs.

From Table-1.12, it can be seen that a major part of the interest outstanding for more than three years pertained to two SPSEs, viz. Doiwala Sugar Company Limited and Kichha Sugar Company Limited.

1.4 Liquidity analysis of SPSEs

Current Ratio is a liquidity ratio that measures an entity's ability to pay its short-term obligations or those dues that are payable within one year. It compares the entity's current assets with its current liabilities. It is a useful measure of an entity's short-term solvency. A current ratio of less than one indicates that the entity's short-term obligations are greater than its short-term assets, and it is not able to pay off such dues with its available current assets. A current ratio of more than one indicates that the entity has sufficient short-term assets to meet its short-term obligations. The formula for current ratio is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Audit analysed the current ratio of the 21 functional SPSEs¹², as per their latest finalised financial statements, and observed that seven SPSEs had a current ratio of less than one at the year-end, which indicates that these SPSEs did not have sufficient short-term assets to meet their short-term obligations. Details of SPSEs with a current ratio of less than one are given in **Table-1.13**.

Table-1.13: Details of SPSEs with a current ratio of less than one

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Current Assets (₹ in crore)	Current Liabilities (₹ in crore)	Current Ratio
1.	Uttarakhand Power Corporation Limited	2022-23	1442.78	7786.93	0.19
2.	Doiwala Sugar Company Limited	2021-22	103.05	526.56	0.20
3.	Kichha Sugar Company Limited	2021-22	149.92	426.13	0.35
4.	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Limited	2022-23	2.78	6.43	0.43
5.	Uttarakhand Seeds & Tarai Development Corporation Ltd.	2021-22	63.51	72.85	0.87
6.	Uttarakhand Transport Corporation	2019-20	159.41	435.63	0.37
7.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	1033.66	2086.88	0.50

Source: Compiled based on the latest finalised financial statements of the SPSEs.

1.4.1 Return on investment in SPSEs

The return on investment in SPSEs was assessed using the Return on Equity and Return on Capital Employed ratios. Further, the dividend payout by profit-earning SPSEs was also analysed. The results of the analysis are discussed in the succeeding paragraphs.

1.4.2 Return on Equity

Return on Equity (ROE) is a measure of financial performance that assesses how effectively the management is using an entity's assets to generate profits. It is calculated by dividing net income (*i.e.*, net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any entity where shareholders' fund is positive. Shareholders' fund of an entity is calculated by adding paid-up capital and free reserves, net of accumulated losses and deferred revenue expenditure. It represents the amount that would be left for the entity's stakeholders if all assets were sold and debts paid off. A positive shareholders' fund indicates that the entity has sufficient assets to cover its liabilities, while a negative shareholders' fund means that liabilities exceed assets.

Out of the 21 SPSEs, seven SPSEs had negative shareholders' fund. Audit computed the ROE for the remaining 14 SPSEs based on their latest finalised financial statements and observed that nine SPSEs had a positive ROE, three SPSEs had a negative ROE¹³, and two SPSEs had a 'Nil' ROE¹⁴, as detailed in **Table-1.14**.

¹² Excluding two SPSEs that have not submitted their first financial statements.

¹³ The ROE was negative as these SPSEs had incurred losses, as per their latest finalised financial statements.

¹⁴ The ROE was 'Nil' as these SPSEs had neither earned profits nor incurred losses, as per their latest finalised financial statements.

Table-1.14: Details of Return on Equity of SPSEs

Type of SPSE	No. of SPSEs having a negative ROE	No. of SPSEs having a 'Nil' ROE	No. of SPSEs having a positive ROE	
			Up to 10 per cent	Above 10 per cent
Government Companies	3	2	3	4
Government Controlled Other Companies	-	-	-	-
Statutory Corporations	-	-	1	1
Total	3	2	4	5

Source: Compiled based on the latest finalised financial statements of the SPSEs.

Further, the sector-wise ROE of the above mentioned 14 SPSEs is given in Table-1.15.

Table-1.15: Sector-wise Return on Equity

Sector	No. of SPSEs	Net income (₹ in crore)	Shareholders' fund (₹ in crore)	ROE (in per cent)
Power	3	137.51	3802.32	3.62
Other than Power	11	62.16	1116.52	5.57
Total	14	199.67	4918.84	4.06

Source: Compiled based on the latest finalised financial statements of the SPSEs.

From Table-1.15, it can be seen that while the Power Sector had ROE of 3.62 per cent, the Other than Power Sector had ROE of 5.57 per cent.

1.4.3 Erosion of Net Worth

Net worth refers to the total of paid-up capital, and free reserves and surplus, minus accumulated losses and deferred revenue expenditure. It is a measure of what an entity is worth to the owners. A negative net worth indicates that the owners' entire investment has been wiped out by accumulated losses and deferred revenue expenditure.

The paid-up capital, free reserves and surplus/accumulated losses, deferred revenue expenditure, and net worth of the 21 SPSEs¹⁵, as per their latest finalised financial statements, are detailed in Appendix-1.1 and summarised in Table-1.16.

Table-1.16: Details of Net worth of SPSEs

Type of SPSE	Paid-up capital	Free reserves and surplus (+)/ accumulated losses (-)	Deferred revenue expenditure	Net Worth
Government Companies	3758.57	-3847.64	Nil	-89.07
Government Controlled Other Companies	4.08	-29.68		-25.60
Statutory Corporations	238.97	-305.02		-66.05
Total	4001.62	-4182.34		-180.72

Source: Compiled based on the latest finalised financial statements of the SPSEs.

An analysis of the net worth of the 21 SPSEs revealed that, the net worth of six SPSEs had completely eroded, as per their latest finalised financial statements. The paid-up capital, and free reserves and surplus of these SPSEs were ₹ 1,796.68 crore, while the accumulated losses stood at (-) ₹ 6,588.68 crore. The details of these six SPSEs, are given in Table-1.17.

¹⁵ Two SPSEs did not submit their first accounts.

Table-1.17: Details of SPSEs with maximum net worth erosion

(₹ in crore)

Sl. No.	Name of the SPSE	Eroded net worth
1	Uttarakhand Power Corporation Limited	-3758.16
2	Doiwala Sugar Company Limited	-435.65
3	Kichha Sugar Company Limited	-276.41
4	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Limited	-3.06
5	Uttarakhand Seeds & Tarai Development Corporation Limited	-25.60
6	Uttarakhand Transport Corporation	-293.12
	Grand Total	-4792.00

Source: Compiled based on the latest finalised financial statements of the SPSEs.

1.4.4 Return on Capital Employed

Return on Capital Employed (ROCE) is a ratio that measures an entity's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing the EBIT by the capital employed¹⁶. Out of the 21 SPSEs, seven SPSEs had negative capital employed. Audit computed the ROCE of the remaining 14 SPSEs, based on their latest finalised financial statements, and observed that nine SPSEs had a positive ROCE, three SPSEs had a negative ROCE, and two SPSEs had 'Nil' ROCE, as detailed in **Table-1.18**.

Table-1.18: Details of Return on Capital Employed of SPSEs

Type of SPSE	No. of SPSEs with a negative ROCE	No. of SPSEs with 'Nil' ROCE	No. of SPSEs with a positive ROCE	
			Up to 10 per cent	Above 10 per cent
Government Companies	3	2	4	3
Government Controlled Other Companies	-	-	-	-
Statutory Corporations	-	-	1	1
Total	3	2	5	4

Source: Compiled based on the latest finalised financial statements of the SPSEs.

Further, the sector-wise ROCE of all 21 SPSEs is detailed in **Table 1.19**.

Table 1.19: Sector-wise Return on Capital Employed

(₹ in crore)

Sl. No.	Sector	No. of SPSEs	EBIT	Capital employed	ROCE (in per cent)
1.	Power Sector	4	-666.83	4475.66	-14.90
2.	Other than Power Sector	17	108.85	370.83	29.35
	Total	21	-557.98	4846.49	-11.51

Source: Compiled based on the latest finalised financial statements of the SPSEs.

From Table-1.19, it can be seen that while the Power Sector had ROCE of (-) 14.90 per cent, the Other than Power Sector had ROCE of 29.35 per cent.

1.4.5 Dividend Payout in SPSEs

The GoU has not formulated any dividend policy under which SPSEs are required to pay a minimum dividend on the paid-up share capital contributed by the State

¹⁶ Capital employed = Paid-up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure.

Government. Out of ten SPSEs¹⁷ which earned profit as per their latest finalised accounts, only two power sector SPSEs namely UJVN Limited and Power Transmission Corporation of Uttarakhand Limited paid/declared dividend amounting to ₹ 20.01 crore and ₹ 5.00 crore respectively.

1.5 Operating efficiency of SPSEs

The operating efficiency of the SPSEs was assessed by analysing the profits earned and losses incurred by them. Further, their Net Profit Margin against Turnover was also assessed. The results of the analysis are discussed in the succeeding paragraphs.

1.5.1 Profits earned by SPSEs

As per the latest finalised financial statements, 10 SPSEs earned profits aggregating to ₹ 231.34 crore. Details of the four SPSEs that earned a profit of ₹ 20 crore or more are given in **Table-1.20**.

Table-1.20: Details of SPSEs that earned a profit of ₹ 20 crore or more

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Net profit after tax (₹ in crore)	Percentage of profit to total profit of SPSEs
1.	Power Transmission Corporation of Uttarakhand Limited	2022-23	21.87	9.45
2.	UJVN Limited	2022-23	115.64	49.99
3.	Kichha Sugar Company Limited	2021-22	20.26	8.76
4.	Uttarakhand Forest Development Corporation	2020-21	48.65	21.03
Total			206.42	89.23

Source: Compiled based on the latest finalised financial statements of the SPSEs.

From **Table-1.20**, it can be seen that the above mentioned four SPSEs contributed about 89 per cent of the total profit (₹ 231.34 crore) earned by the 10 SPSEs, with UJVN Limited alone accounting for about 50 per cent of the total profit.

1.5.2 Losses incurred by SPSEs

As per the latest finalised financial statements, nine SPSEs incurred losses aggregating to ₹ 1,279.69 crore. Details of the top three SPSEs that incurred losses of ₹ 1,259.53 crore are given in **Table-1.21**.

Table-1.21: Details of top three SPSEs that incurred losses of ₹ 1,259.53 crore

Sl. No.	Name of the SPSE	Year of latest finalised financial statements	Amount of loss	Percentage of loss to total loss of SPSEs
1.	Uttarakhand Power Corporation Limited	2022-23	1223.64	95.62
2.	Doiwala Sugar Company Limited	2021-22	16.59	1.30
3.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	19.30	1.51
Total			1259.53	98.43

Source: Compiled based on the latest finalised financial statements of the SPSEs.

¹⁷ One SPSE viz, Kichha Sugar Company Limited had accumulated losses of ₹ 294.40 crore as per its latest finalized financial statement.

From **Table-1.21**, it can be seen that the above mentioned three SPSEs accounted for more than 98 *per cent* of the total loss (₹ 1,279.69 crore) incurred by the nine SPSEs, with Uttarakhand Power Corporation Limited alone contributing around 96 *per cent* of the total loss.

1.5.3 Net Profit Margin against Turnover

Net Profit Margin against Turnover measures the profit generated as a percentage of turnover during a period. It is a key indicator of an entity's financial health. It helps stakeholders in assessing the operational efficiency of the entity and determining if the entity is generating adequate earnings from its turnover. It is calculated as the percentage of net profit relative to the entity's turnover.

Out of the 21 SPSEs, nine SPSEs incurred losses, two SPSEs reported no profit or loss, and three¹⁸ SPSEs reported 'Nil' turnover, as per their latest finalised financial statements. Details of the Net Profit Margin against Turnover of the remaining 10 SPSEs are given in **Table-1.22**.

Table-1.22: Details of Net Profit Margin against Turnover of SPSEs

Type of SPSE	No. of SPSEs with net profit margin less than 10 <i>per cent</i>	No. of SPSEs with net profit margin between 10 and 20 <i>per cent</i>	No. of SPSEs with net profit margin above 20 <i>per cent</i> ¹⁹
Government Companies	5	1	2
Government Controlled Other Companies	-	-	-
Statutory Corporations	1	-	1
Total	6	1	3

Source: Compiled based on the latest finalised financial statements of the SPSEs.

Further, the sector-wise Net Profit Margin against Turnover of the above mentioned 10 SPSEs is given in **Table-1.23**.

Table-1.23: Sector-wise Net Profit Margin against Turnover

Sector	No. of SPSEs	Net Profit (₹ in crore)	Turnover (₹ in crore)	Net Profit Margin (in <i>per cent</i>)
Power	2	137.51	1,382.19	9.95
Other than Power	8	93.83	1,564.66	6.00
Total	10	231.34	2946.85	7.85

Source: Compiled based on the latest finalised financial statements of the SPSEs.

¹⁸ Included in SPSEs which incurred losses/no profit-no loss.

¹⁹ Ranging between 22.63 *per cent* and 261.76 *per cent*.

Chapter-2
Oversight role of the
Comptroller and Auditor General of India

CHAPTER-2

Oversight role of the Comptroller and Auditor General of India

This Chapter deals with the oversight role of the Comptroller and Auditor General of India (CAG) in relation to the preparation and submission of financial statements by State Public Sector Enterprises (SPSEs), the impact of audit comments on these financial statements, and instances of non-compliance with provisions of Accounting Standards/Indian Accounting Standards.

2.1 Audit of accounts of SPSEs

2.1.1 Appointment of Statutory Auditors

Section 139(5) of the Companies Act, 2013 provides that in the case of a Government Company or a Government Controlled Other Company, the CAG shall, in respect of a financial year, appoint the statutory auditor within a period of 180 days from the commencement of the financial year. Further, Section 139(7) of the Companies Act, 2013 provides that in the case of a Government Company or a Government Controlled Other Company, the first statutory auditor shall be appointed by the CAG within 60 days from the date of registration of the company. In case, the CAG does not appoint such auditor within the said period of 60 days, the Board of Directors of the company shall appoint such auditor within the next 30 days; and in case of failure of the Board to appoint such auditor within the next 30 days, it shall inform the members of the company who shall appoint such auditor within the next 60 days at an extraordinary general meeting. The first statutory auditor so appointed shall hold office till the conclusion of the first general meeting.

Out of the four Statutory Corporations under the audit jurisdiction of the CAG in Uttarakhand, the CAG is the sole auditor of three Statutory Corporations¹ and in respect of one Statutory Corporation namely Uttarakhand State Warehousing Corporation, the statutory auditor is appointed by the Government of Uttarakhand (GoU) on the advice of the CAG.

2.1.2 Statutory Audit and Supplementary Audit

In case of a Government Company and a Government Controlled Other Company, statutory audit is conducted by the statutory auditors appointed by the CAG and supplementary audit is conducted by the CAG.

As discussed in *paragraph 2.1.1*, the CAG is the sole auditor of three Statutory Corporations. In case of one Statutory Corporation, statutory audit is conducted by statutory auditors appointed by GoU, and supplementary audit is conducted by the CAG.

2.1.3 Timeliness in preparation of accounts

Section 96 of the Companies Act, 2013 provides that every company² shall in each year hold a general meeting as its annual general meeting (AGM), and not more than

¹ Uttarakhand Forest Development Corporation, Uttarakhand Transport Corporation, Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam.

² Other than a One person Company.

15 months shall elapse between the date of one AGM and that of the next. It further provides that in case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months from the date of closing of the financial year. Further, Section 129 read with Section 134 of the Companies Act, 2013 stipulates that at every AGM of a company, the Board of Directors of the company shall lay before such meeting the audited financial statements for the financial year. This framework ensures regular corporate and financial reporting, enabling scrutiny and oversight by shareholders of the company. Accordingly, the Companies were required to hold AGM up to 30 September 2023 and lay the audited financial statements for the financial year 2022-23.

Additional accountability measures for Government Companies are prescribed under Sections 394 and 395 of the Companies Act, 2013 which provide that Annual Report on the working and affairs of a Government Company is to be prepared within three months of its AGM and as soon as may be after such preparation, the Annual Report is to be laid before both Houses of the Parliament and/or before the House or both Houses of the State Legislature, together with a copy of the Audit Report and comments upon or supplement to the Audit Report made by the CAG. Almost similar provisions exist in the respective Acts governing Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in Government Companies and Statutory Corporations.

In view of the aforesaid provisions, timeliness in preparing accounts is crucial, as delays in finalising accounts undermine the shareholders' right of scrutiny and oversight. Further, in case of Government Companies and Statutory Corporations, such delays result in delay in preparation and submission of Annual Reports, affecting legislative control and oversight.

Despite the above stipulations, annual accounts of various SPSEs were pending as on 30 September 2023. Out of the 32 SPSEs under the audit jurisdiction of the CAG in Uttarakhand, only five SPSEs had submitted their financial statements for the year 2022-23 to CAG by 30 September 2023. 135 Accounts of 27 SPSEs were in arrears, as detailed in *Appendix-2.1*, for various reasons. Details of arrears in submission of accounts of SPSEs are given in **Table-2.1**

Table-2.1: Status of accounts in arrears as on 30 September 2023

Particulars	Type of SPSE			Total
	Government Companies	Government Controlled Other Companies	Statutory Corporations	
No. of SPSEs under the audit jurisdiction of the CAG as on 31 March 2023	27	01	04	32
Functional SPSEs				
No. of SPSEs	18	01	04	23
No. of financial statements submitted for the year 2022-23 by 30 September 2023 for CAG's audit	05	-	-	05
No. of SPSEs having accounts in arrears	13	01	04	18
No. of accounts in arrears	69	01	10	80
Extent of accounts in arrears	1 to 17 years	1 year	1 to 04 years	1 to 17 years

Particulars	Type of SPSE			Total
	Government Companies	Government Controlled Other Companies	Statutory Corporations	
Inactive SPSEs not under liquidation				
No. of SPSEs	01	-	-	01
SPSEs which submitted their financial statements for the year 2022-23 by 30 September 2023 for CAG's audit	-	-	-	-
SPSEs having accounts in arrears	01	-	-	01
No. of accounts in arrears	36	-	-	36
Extent of accounts in arrears	36	-	-	36
Inactive SPSEs under liquidation				
No. of SPSEs	08	-	-	08
SPSEs which submitted their financial statements till the date of going under liquidation	-	-	-	-
SPSEs having accounts in arrears ³	03 ⁴	-	-	03
No. of accounts in arrears	19	-	-	19
Extent of accounts in arrears	3 to 10 years	-	-	3 to 10 years

Source: Latest finalised financial statements submitted by SPSEs up to 30 September 2023.

From **Table-2.1**, it can be seen that 80 annual accounts of 18 functional SPSEs and 36 annual accounts of one inactive SPSE (excluding SPSEs under liquidation) were in arrears for the period ranging between one and 36 years as on 30 September 2023. Further, 19 annual accounts of three SPSEs under liquidation were in arrears for the period ranging between three and 10 years as on 30 September 2023.

2.2 CAG's oversight role in audit of accounts of SPSEs

The prime responsibility for the preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Acts is of the management of the SPSE.

The CAG plays an oversight role in the audit of accounts of Government Companies and Government Controlled Other Companies by monitoring the performance of the statutory auditors. This role is discharged by exercising the power to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

In case of Government Companies and Government Controlled Other Companies, the statutory auditors appointed by the CAG are responsible for expressing an opinion on the financial statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Companies Act, 2013 and directions issued by the CAG. The statutory auditors are required to submit their Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The accounts of selected Government Companies and Government Controlled Other Companies along with the report of the statutory auditors are reviewed by the CAG by

³ In case of SPSEs under liquidation, the accounts in arrears have been calculated up to the date of the SPSE going under liquidation.

⁴ Five SPSEs under liquidation did not provide information.

conducting a supplementary audit. Based on such review, significant audit comments, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

In case of Statutory Corporations, audit comments of the CAG on the accounts, if any, are reported through Separate Audit Reports (SAR).

Out of the 23 functional SPSEs, 17 SPSEs forwarded 28 financial statements to the CAG during the period from October 2022 to September 2023. These included financial statements from the year 2005-06 to 2022-23. Details of financial statements received, reviewed and comments/ SAR issued are given in **Table-2.2**.

Table-2.2: Details of financial statements received, reviewed and comments/ SAR issued

Particulars of Financial Statements	Financial Year 2022-23			Previous years		
	Government Company	Statutory Corporation	Total	Government Company	Statutory Corporation	Total
Received	05	-	05	17	06	23
Reviewed	04	-	04	12	06	18
Audit in process ⁵	01	-	01	02	-	02
Nil Comment issued	01	-	01	-	-	-
Comments issued	03	-	03	12	06	18
No Review Certificate	-	-	-	03	-	03

Source: Compiled from comments issued on financial statements of SPSEs.

From **Table-2.2**, it can be seen that out of the 28 financial statements received during the period from October 2022 to September 2023, CAG conducted supplementary/sole audit⁶ of 22 accounts of 14 SPSEs. In the three accounts, the CAG issued 'No Review Certificate' and audit process of the remaining three accounts was completed after 30 September 2023.

2.3 Results of CAG's oversight role

Significant audit comments/SARs on 27 financial statements of 16 SPSEs (12 Government Companies and four Statutory Corporations), as detailed in **Appendix-2.2** were issued by the CAG during October 2022 to September 2023. The results of the CAG's oversight role are discussed in the succeeding paragraphs.

2.3.1 Significant comments of the CAG issued on the financial statements of SPSEs

After the audit of the financial statements by statutory auditors, CAG conducted supplementary audit of 19 financial statements of 13 SPSEs (12 Government Companies and one Statutory Corporation) and issued comments/SAR thereon during the period from October 2022 to September 2023. Besides, SARs on eight financial statements of three SPSEs⁷, where CAG is the sole auditor, were issued during the same period. Accordingly, Comments/ SARs were issued in respect of 27 financial

⁵ Reviewed/Comments/NRC issued after 30 September 2023.

⁶ Accounts of SPSEs for conducting supplementary audit annually, triennially and once in five years are selected based on criteria of paid-up capital, capital employed and turnover.

⁷ Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam, Uttarakhand Transport Corporation and Uttarakhand Forest Development Corporation.

statements of 16 SPSEs⁸ as detailed in *Appendix-2.2*. Some of the significant comments indicating impact on profitability (overstatement/understatement of profit/loss) and financial position (overstatement/understatement of assets and liabilities) are summarised below and detailed in *Appendix-2.3*.

A. Government Companies

The impact of the comments issued on the financial statements of Government Companies was ₹ 166.93 crore (on profitability) and ₹ 64.96 crore (on financial position), as detailed below:

(i) Comments on Profitability

- In case of four financial statements of four SPSEs for the year 2016-17 to 2022-23, Loss was understated by ₹ 63.50 crore.
- In case of two financial statements of one SPSE (UJVN Limited) for the year 2021-22 to 2022-23, Profit was overstated by ₹ 101.14 crore.
- In case of one financial statement of one SPSE (Power Transmission Corporation of Uttarakhand Limited) for the year 2022-23, Profit was understated by ₹ 2.29 crore.

(ii) Comments on Financial Position

- In case of three financial statements of three SPSEs for the year 2021-22 to 2022-23, Assets and Liabilities were understated by ₹ 61.13 crore.
- In case of one financial statement of one SPSE (Dehradun Smart City Limited) for the year 2021-22, Assets and Liabilities were overstated by ₹ 3.83 crore.

B. Statutory Corporations

The impact of the comments issued on the financial statements of Statutory Corporations was ₹ 163.97 crore (on profitability) and ₹ 185.57 crore (on financial position) as detailed below:

(i) Comments on Profitability

- In case of one financial statement of one Statutory Corporation (Uttarakhand Transport Corporation) for the year 2019-20, Loss was overstated by ₹ 83.72 crore.
- In case of two financial statements of two Statutory Corporations for the year 2019-20 and 2021-22, Loss was understated by ₹ 58.47 crore.
- In case of two financial statements of two Statutory Corporations for the year 2018-19 and 2020-21, Profit was overstated by ₹ 21.78 crore.

(ii) Comments on Financial Position

- In case of one financial statement of one SPSE for the year 2021-22, Assets and Liabilities were understated by ₹ 56.02 crore.

⁸ In case of one financial statement of a SPSE viz. Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited, no comments were issued.

- In case of one financial statement of one SPSE (Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam) for the year 2021-22, Assets and Liabilities were overstated by ₹ 129.55 crore.

2.3.2 Provisions of Accounting Standards/Indian Accounting Standards not complied

Section 129 (1) of the Companies Act, 2013 provides that the financial statements shall give a true and fair view of the state of affairs of the company, comply with the accounting standards notified under Section 133 of the Companies Act, 2013 and be in the forms provided in Schedule-III. The Ministry of Corporate Affairs, Government of India notified Indian Accounting Standards (Ind AS), under Section 133 of the Companies Act, 2013 vide Companies (Indian Accounting Standards) Rules, 2015, keeping the Indian economic and legal environment in view and by referring to IFRS standards. The Ind AS were modelled on IFRS, which were different from the Indian Generally Accepted Accounting Principles framework mainly in three key aspects *i.e.*, fair valuation, substance over legal form, and emphasis on the Balance Sheet. These Ind AS are mandatorily to be adopted by the prescribed class of companies with effect from 1 April 2016. The Companies not covered by Ind AS shall continue to apply Accounting Standard (AS).

As of 31 March 2023, there were 28 SPSEs in Uttarakhand under the audit jurisdiction of the CAG, which were governed by the provisions of the Companies Act, 2013. Out of these 28 SPSEs, only two SPSEs *i.e.* UJVN Limited and Power Transmission Corporation of Uttarakhand Limited had adopted Ind AS.

The cases of non-compliance with Ind AS/AS as reported by the Statutory Auditors on the latest finalised financial statements of two SPSEs are summarised below and detailed in *Appendix-2.4*.

- In two financial statements of two SPSEs (Garhwal Mandal Vikas Nigam and Dehradun Smart City Limited), Statutory Auditors reported non-compliance of 18 numbers of AS.

Further, the cases of non-compliance with Ind AS/AS as pointed out by the CAG on the two finalised financial statements of two SPSEs during the period 1 October 2022 to 30 September 2023 are summarised below and detailed in *Appendix-2.5*.

- In one financial statement of one SPSE (UJVN Limited), there was one case of non-compliance with Ind AS.
- In one financial statement of one SPSE (Kishau Corporation Limited), there were two cases of non-compliance with AS.

2.4 Management Letters

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

The material observations on the financial statements of SPSEs were reported as comments by the CAG under Section 143 (6) of the Companies Act, 2013. Besides

these comments, irregularities or deficiencies observed by the CAG in the financial reports or in the reporting process, were also communicated to the management of the SPSEs through a ‘Management Letter’ for taking corrective action. These deficiencies generally relate to application and interpretation of accounting policies and practices, adjustments arising out of audit that could have a significant effect on the financial statements and inadequate or non-disclosure of certain information on which management of the concerned SPSEs gave assurances that corrective action would be taken in the subsequent year.

The CAG had issued 47 ‘Management Letters’ to 12 SPSEs during the period from October 2022 to September 2023, as detailed in **Appendix-2.6**. The broad nature of irregularities highlighted in these Management Letters were as under:

- *Inadequate/non-disclosure of Accounting Policies.*
- *Non-reconciliation of balances.*
- *Misclassifications of assets, liabilities, incomes, expenditures, etc.*
- *Inadequate/non-disclosures in ‘Notes to Accounts’.*

2.5 Placement of Separate Audit Reports of Statutory Corporations

Separate Audit Reports are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the State Legislature as per the provisions of the respective Acts governing the Statutory Corporations. The status of placement of SARs in the State Legislature as on 30 September 2023 is detailed in **Table-2.3**.

Table-2.3: Status of placement of SARs

Sl. No.	Name of the Statutory Corporation	Year of accounts for which SAR issued to Statutory Corporation	Latest year of accounts for which SAR placed in State Legislature	Year of accounts for which SAR not placed in the State Legislature
1.	Uttarakhand Transport Corporation	2019-20	No information provided	No information provided
2.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	2019-20 & 2020-21	2021-22
3.	Uttarakhand Forest Development Corporation	2020-21	2020-21	2021-22 to 2022-23
4.	Uttarakhand State Warehousing Corporation	2018-19	-	2015-16 to 2018-19

Source: Information provided by the SPSEs.

From **Table-2.3**, it can be seen that out of the four Statutory Corporations, two Statutory Corporations had placed three SARs issued by the CAG in the State Legislature. Out of the remaining two, one had not provided the information, and another one had not placed SARs in the State Legislature

Chapter-3
Corporate Governance

CHAPTER-3

Corporate Governance

This Chapter deals with adherence to Corporate Governance principles by Government Companies and Government Controlled Other Companies including issues related to holding of meetings of the Board of Directors (BoD), appointment of independent directors and women directors in the BoD and their presence in meetings of the BoD and committees formed thereunder.

3.1 Introduction

Corporate Governance is an internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders by directing and controlling management activities. The Corporate Governance framework of an organisation depends upon four pillars namely transparency, full disclosure, independent monitoring and fairness to all. Adherence to Corporate Governance principles brings accountability and transparency in business, and enhances confidence of the stakeholders.

3.1.1 Provisions in the Companies Act, 2013 regarding Corporate Governance

The Companies Act, 2013¹ provides a formal structure for corporate governance by enhancing disclosures, reporting and transparency through enhanced as well as new compliance norms. In addition, the Ministry of Corporate Affairs had also notified (31 March 2014) Companies Rules, 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board and its powers, and Accounts. The Companies Act, 2013 together with the Companies Rules, 2014 provide a robust framework for corporate governance. The requirements, *inter alia* provided as under:

- Mandatory appointment of at least one-third of the total number of directors as Independent Directors (IDs) on the board of every listed public company and such other minimum number in case of any class or classes of public companies as the Central Government may prescribe under section 149 (4) of the Companies Act, 2013.
- Qualifications for IDs along with the duties and guidelines for professional conduct (Sections 149 (6) & (8) and Schedule IV read with Rule 5 of the Companies (Appointment and Qualification of Directors), Rules, 2014).
- Mandatory appointment of a woman director on the board of listed companies [Section 149 (1)] and such other class of companies as per Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- Mandatory establishment of certain committees like Audit Committee [Section 177(1)], Nomination and Remuneration Committee [Section 178(1)].

¹ The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956.

- Holding of a minimum of four meetings of BoD every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board [Section 173(1)].

3.1.2 SEBI guidelines on Corporate Governance

SEBI notified (2 September 2015) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which came into effect from 1 December 2015 repealing the earlier provisions.

No Government Company or Government Controlled Other Company (GCOC) under the audit jurisdiction of the CAG in Uttarakhand is listed on any stock exchange, hence, SEBI guidelines² on Corporate Governance are not applicable thereto.

3.2 Audit findings

Compliance with the provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and Companies (Meetings of Board and its Powers) Rules, 2014 regarding Corporate Governance by 19 functional State Public Sector Enterprises (SPSEs³) (18 Government Companies and one Government Controlled Other Company) during the year 2022-23 was reviewed. The audit findings are discussed in the succeeding paragraphs.

3.3 Composition of Board of Directors

As per Section 2 (10) of the Companies Act, 2013, 'BoD' or 'Board', in relation to a company, means the collective body of the directors of the company. Deficiencies in the composition of the BoD are discussed in the succeeding paragraphs.

3.3.1 Independent Directors in the Board

The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management, is widely considered as a means of protecting the interests of shareholders and other stakeholders. As per Section 149 (6) of the Companies Act, 2013 an ID in relation to a company, means a director other than a managing director or a whole-time director or a nominee director and is a person of integrity and possesses relevant expertise and experience. It further provides that the ID shall neither be a promoter himself nor shall be related to the promoters/directors of the company or its holding, subsidiary or associate company. The ID himself or his relatives shall not have any pecuniary relationship/ transaction (other than remuneration of ID) with the company, or its subsidiary, or its holding or associate company beyond the monetary limits and during the prescribed period. The ID himself or his relatives shall not hold key managerial position or any other prescribed relationship *viz.*, employee, auditors, companies' secretaries, *etc.*, with the company or its holding, subsidiary or associate company during the prescribed timeframe.

As discussed in *Paragraph 3.1.1*, every listed company is required to have at least one-third of the total number of directors as IDs. Further, Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 provide that public

² Subsequent to the enactment of the Companies Act, 2013, Securities and Exchange Board of India (SEBI) amended (April and September 2014) Clause 49 of the Listing Agreement to align it with the Corporate Governance provisions specified in the Companies Act, 2013.

³ Four functional SPSEs are Statutory Corporations and therefore, provisions of the Companies Act, 2013, and related rules do not apply to them.

companies having (i) paid-up share capital of ₹ ten crore or more; or (ii) turnover of ₹ one hundred crore or more; or (iii) have, in aggregate, outstanding loans, debentures and deposits, exceeding ₹ fifty crore are required to have at least two directors as IDs. A company which ceases to fulfil any of the aforesaid three conditions for three consecutive years is not required to appoint IDs until such time as it meets any of such conditions. Further, three classes of unlisted public companies viz., a joint venture or a wholly owned subsidiary or a dormant company are also not required to appoint IDs.

Out of 19 working SPSEs, 12 SPSEs as detailed in **Appendix-3.1** satisfied the aforesaid criteria of either paid-up share capital or turnover or outstanding loans, debentures and deposits as on the last date of latest audited financial statements. Out of these 12 SPSEs, eight SPSEs did not have required number of at least two IDs⁴ in their BoD during the year 2022-23, the status of the same is given in the **Table-3.1** below:

Table-3.1: Status of SPSEs not having required number of IDs in their Board

Sl. No.	Name of Companies	No. of IDs on the Board during 2022-23
1	Power Transmission Corporation of Uttarakhand Limited	01 (up to 7 October 2022)
2	Kishau Corporation Limited	Nil
3	Uttarakhand Bahuuddeshiya Vitta Evam Vikas Nigam Limited	Nil
4	Kumaon Mandal Vikas Nigam Limited	Nil
5	Doiwala Sugar Company Limited	Nil
6	Kichha Sugar Company Limited	Nil
7	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited	Nil
8	Garhwal Mandal Vikas Nigam Limited	Nil

Source: Compiled on the basis of information provided by SPSEs.

As can be seen from above Table, eight SPSEs did not comply with the provisions related to having required number of IDs in their Board. Out of these, seven SPSEs did not have even a single ID in their Board. Further, in respect of Power Transmission Corporation of Uttarakhand Limited, there was only one ID during the year 2022-23 (up to 07 October 2022), thereafter, there was no ID in the remaining period of the year 2022-23.

3.3.2 Woman Director in the Board

Section 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that the BoD of the following class of companies shall have at least one-woman director:

- i. every listed company;
- ii. every other public company having –
 - a. paid-up share capital of ₹ one hundred crore or more; or
 - b. turnover of ₹ three hundred crore or more.

Further, any intermittent vacancy of a woman director was to be filled up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later.

⁴ Since, none of the SPSEs was listed on any stock exchange, no SPSE was required to appoint one-third of its total number of directors as IDs.

Though none of the SPSEs in Uttarakhand were listed in any Stock Exchange of India, four working⁵ SPSEs were meeting the conditions for having a woman director in their Board. Out of these, one company *i.e.* Uttarakhand Purv Sainik Kalyan Nigam Limited, however, did not have a woman director in its Board.

3.4 Meetings of the Board of Directors

Section 173 (1) of the Companies Act, 2013 provides that every company shall hold the first meeting of the BoD within thirty days of the date of its incorporation and thereafter hold minimum four meetings of its BoD every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

Out of the 19 working SPSEs (including the only GCOC *i.e.* Uttarakhand Seeds & Tarai Development Corporation) mentioned in **Appendix-3.1**, eight SPSEs did not conduct the required number of meetings of BoD during the year 2022-23, as given in **Table-3.2**.

Table-3.2: Companies having shortfall in the number of meetings of the Board

Sl. No.	Companies which conducted less than required number of four meetings of the BoD.	No. of BoD meetings during 2022-23
1	Uttarakhand Bahuuddeshiya Vitta Evam Vikas Nigam Limited	02
2	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	02
3	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited	02
4	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	02
5	Uttarakhand Seeds & Tarai Development Corporation Limited	01
6	Kishau Corporation Limited	01
7	SIIDCUL Plastic Park Limited	01
8	Eco-tourism Development Corporation of Uttarakhand Limited	Nil

As can be seen from above Table, eight SPSEs have not complied with the requirement of holding minimum of four meetings of BoD and of these, one SPSE *i.e.* Eco-Tourism Development Corporation of Uttarakhand Limited had not conducted even a single Board meeting during 2022-23.

Further, out of the 11 SPSEs, which had conducted the requisite number of meetings of the BoD during the year 2022-23, in case of four SPSEs, the intervening period between two meetings of the BoD was more than the prescribed time limit of 120 days as detailed in **Table-3.3**.

Table-3.3: Intervening period in holding of two consecutive meetings of BoD

Sl. No.	Name of SPSEs	Date of meeting	Date of next meeting	Intervening period (in days)
1.	Doiwala Sugar Company Limited	23.05.2022	27.09.2022	127
2.	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	01.09.2022	25.01.2023	146
3.	Kumaon Mandal Vikas Nigam Limited	01.08.2022	04.01.2023	156
4.	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	28.09.2022	28.03.2023	181

Source: Compiled based on the information provided by SPSEs.

⁵ Uttarakhand Power Corporation Limited, UJVN Limited, Power Transmission Corporation of Uttarakhand limited, Uttarakhand Purv Sainik Kalyan Nigam Limited.

3.5 Appointment and Functioning of Independent Directors

3.5.1 Declaration of meeting the criteria of independence

Section 149 (7) of the Companies Act, 2013 requires that every ID shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an ID, give a declaration that he meets the criteria of independence.

In this regard, out of five SPSEs, which were required to obtain declaration from the IDs regarding their independence, three SPSEs, as per **Table-3.4** below, did not obtain the same.

Table-3.4: SPSEs that did not obtain declaration from the IDs.

Sl. No.	Name of Companies
1.	UJVN Limited
2.	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited
3.	Uttarakhand Purv Sainik kalyan Nigam Limited

As can be seen from above Table, IDs of three SPSEs have not made declarations as required under the Companies Act, 2013. Seven SPSEs did not have any IDs in their Board. Thus, the requirement of declaration of status of IDs was not fulfilled by these SPSEs.

3.5.2 Holding of separate meeting of Independent Directors

Schedule IV [Para (VII) (1)] of the Companies Act, 2013 provides that the IDs of the company shall hold at least one meeting in a year, without the attendance of non- IDs and members of management. Further, all the IDs of the company shall strive to be present at such meeting. The meeting shall – (a) review the performance of non- IDs and the Board as a whole; (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; and (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Out of the five SPSEs which had IDs in their BoD during the year 2022-23, four SPSEs had more than one ID. The IDs of these four SPSEs were required to conduct at least one meeting during the year 2022-23 without the attendance of non- IDs and members of management. The status of separate meeting held by the IDs of four SPSEs during the year 2022-23 is given in **Table-3.5**.

Table-3.5: Separate meeting held by IDs

Sl. No.	Name of SPSEs	No. of separate meeting held during 2022-23	No. of IDs in the BoD
1.	Uttarakhand Power Corporation Limited	01	04
2.	UJVN Limited	01	04
3.	Uttarakhand Purv Sainik Kalyan Nigam Limited	Nil	02
4.	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	Nil	02

Source: Compiled based on the information provided by SPSEs.

Out of these four SPSEs, IDs of two SPSEs had not conducted the aforesaid meeting during the year 2022-23. The objective of having separate meetings of the IDs is to review the performance of non-IDs, chairperson of the company and the Board. However, the same remained unreviewed. Further, the quality, quantity and timeliness of flow of information between the company management and the Board could also not be assessed.

3.6 Committees of the Board of Directors

A Board Committee is a small working group identified by the BoD, consisting of board members, for the purpose of supporting the Board's work. Board Committees are generally formed to perform some expertise work. The Companies Act, 2013 requires the companies to form various Board Committees such as Audit Committee (AC), Nomination and Remuneration Committee (NRC), Corporate Social Responsibility Committee, Stakeholders Relationship Committee, etc. Audit analysed formation and working of AC and NRC. The audit findings are discussed in the succeeding paragraphs.

3.6.1 Audit Committee

Audit Committee is one of the main pillars of the Corporate Governance mechanism in any company. The AC aims at enhancing the confidence in the integrity of the company's financial reporting, the internal control processes and procedures and the risk management systems.

Section 177 (1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 provides that the BoD of every listed public company and the following classes of companies (except a joint venture, a wholly owned subsidiary and a dormant company) shall constitute an AC:

- (i) all public companies with a paid-up capital of ₹ ten crore or more;
- (ii) all public companies having turnover of ₹ one hundred crore or more;
- (iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹ fifty crore or more.

Out of the 19 SPSEs, 12 SPSEs, as given in **Appendix-3.1**, were required to have an AC during the year 2022-23. Of these 12 SPSEs, six SPSEs had an AC and six SPSEs, as given in **Table-3.6**, did not have an AC during the year 2022-23.

Table-3.6: SPSEs not having AC during the year 2022-23

Sl. No.	Name of the SPSEs
1.	Kishau Corporation Limited
2.	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited
3.	Kichha Sugar Company Limited
4.	Kumaon Mandal Vikas Nigam Limited
5.	Garhwal Mandal Vikas Nigam Limited
6.	Uttarakhand Bahuudeshiya Vitta Evam Vikas Nigam Limited

Source: Compiled on the basis of information provided by SPSEs.

Further, audit observed that in respect of one SPSE *i.e.* State infrastructure and Industrial Development Corporation of Uttarakhand Limited, no meeting of AC was conducted during 2020-21, 2021-22 and 2022-23.

3.6.2 Nomination and Remuneration Committee

Section 178 (1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 provides that the BoD of every listed public company and the following classes of companies shall constitute a NRC consisting of three or more non-executive directors out of which not less than one-half shall be IDs:

- (i) all public companies with a paid-up capital of ₹ ten crore or more;
- (ii) all public companies having turnover of ₹ one hundred crore or more;
- (iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹ fifty crore or more.

Out of the 19 SPSEs, 12 SPSEs, as given in **Appendix-3.1**, were required to have a NRC during the year 2022-23. Of these 12 SPSEs, only three SPSEs⁶ had an NRC during the year 2022-23. The remaining nine SPSEs, as given in **Table-3.7**, did not have an NRC during the year 2022-23.

Table-3.7: SPSEs not having a NRC during the year 2022-23

Sl. No.	Name of the SPSEs
1.	Kishau Corporation Limited
2.	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited
3.	Doiwala Sugar Company Limited
4.	Kichha Sugar Company Limited
5.	Uttarakhand Purv Sainik Kalyan Nigam Limited
6.	Kumaon Mandal Vikas Nigam Limited
7.	Garhwal Mandal Vikas Nigam Limited
8.	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited
9.	Uttarakhand Bahuudeshiya Vitta Evam Vikas Nigam Limited

Source: Compiled on the basis of information provided by SPSE.

Further, though three SPSEs were having NRC during the year 2022-23, no meeting of NRC took place during the said period.

3.7 Internal Audit Framework

The Framework Governing Internal Audits issued (November 2018) by the Institute of Chartered Accountants of India defines internal audit as follows:

'Internal audit provides an independent assurance on the effectiveness of internal controls and risk management processes to enhance governance and achieve organisational objectives.'

Accordingly, the role of internal audit is to provide an independent assurance that an organisation's risk management, governance, and internal control processes are operating effectively.

3.7.1 Internal Audit in SPSEs

Section 138(1) of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules⁷, 2014, provides that the following class of companies shall be required to appoint

⁶ Uttarakhand Power Corporation Limited, Power Transmission Corporation of Uttarakhand Limited and UJVN Limited.

⁷ As amended from time to time.

an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company:

- (a) every listed company;
- (b) every unlisted public company having –
 - (i) paid up share capital of ₹ fifty crore or more; or
 - (ii) turnover of ₹ two hundred crore or more during the preceding financial year;
or
 - (iii) outstanding loans or borrowings from banks or public financial institutions exceeding ₹ one hundred crore or more; or
 - (iv) outstanding deposits of ₹ twenty-five crore or more at any point of time during the preceding financial year.
- (c) every private company having –
 - (i) turnover of two hundred crore rupees or more during the preceding financial year; or
 - (ii) outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year.

Out of 19 SPSEs, seven SPSEs (*Appendix-3.2*) fulfilled the above-criteria for appointment of internal auditor. Out of these, five SPSE⁸ had appointed internal auditors, however, two SPSEs namely Garhwal Mandal Vikas Nigam Limited and State Infrastructure and Industrial Development Corporation of Uttarakhand Limited did not appoint the internal auditors.

3.8 Conclusion

The functioning of Corporate Governance framework in the SPSEs suffered a number of deficiencies as outlined below:

- Out of 12 working SPSEs, where Independent Directors were required to be appointed, seven SPSEs did not appoint Independent Directors whereas in one SPSE, required number of Independent Directors were not appointed. Further, separate meeting of Independent Directors was not conducted by two SPSEs wherein more than one Independent Directors were in the Board.
- Out of four working SPSEs, where Woman Director was required to be appointed, one SPSE did not have Woman Director throughout the year 2022-23.
- One SPSE did not hold any Board meetings during 2022-23, while three SPSEs conducted only one Board meeting and four SPSEs conducted only two Board meeting during 2022-23, against the requirement of minimum four meetings annually. Further, the intervening period between two meetings of the BoD in four

⁸ Uttarakhand Power Corporation Limited, Power Transmission Corporation of Uttarakhand Limited, UJVN Limited, Kichha Sugar Company Limited and Uttarakhand Purv Sainik Kalyan Nigam Limited.

SPSEs ranged between 127 days and 181 days against the prescribed timeline of 120 days.

- Out of 12 SPSEs, which were required to have an Audit committee six SPSEs did not constitute AC and in respect of one SPSE, no meeting of Audit committee was held during 2020-21 to 2022-23.
- Out of 12 SPSEs, which were required to have a Nomination and Remuneration Committee, nine SPSEs did not constitute Nomination and Remuneration Committee.
- Out of seven SPSEs, which were required to appoint Internal Auditors, two SPSEs did not appoint Internal Auditors.

3.9 Recommendation

Government of Uttarakhand may direct the SPSEs to ensure compliance with the provisions of Companies Act, 2013 for bringing out effectiveness in the functioning of Corporate Governance framework in the SPSEs.

Chapter-4

Compliance Audit observations relating to Public Sector Enterprises

CHAPTER-4

Compliance Audit observations relating to Public Sector Enterprises

4.1 Subject Specific Compliance Audit on Billing Efficiency and Revenue Realisation in Uttarakhand Power Corporation Limited

4.1.1 Introduction

Uttarakhand Power Corporation Limited¹ (UPCL), incorporated on 12 February 2001 under the Companies Act 1956, is the sole Distribution Licensee catering power supply to 29.13 lakh consumers (as of 31 March 2024) spread over 13 Districts of the State of Uttarakhand. UPCL purchases electricity from generating companies and distributes the same to consumers through its distribution network. For operational convenience, UPCL has categorised its consumers into Domestic, Commercial, Agricultural, Government Public Utilities, and Industries, based on nature and purpose of use of power (*Appendix-4.1*). UPCL bills and recovers the energy charges from the consumers against the energy supplied to them as per tariff order issued by Uttarakhand Electricity Regulatory Commission (UERC) from time to time.

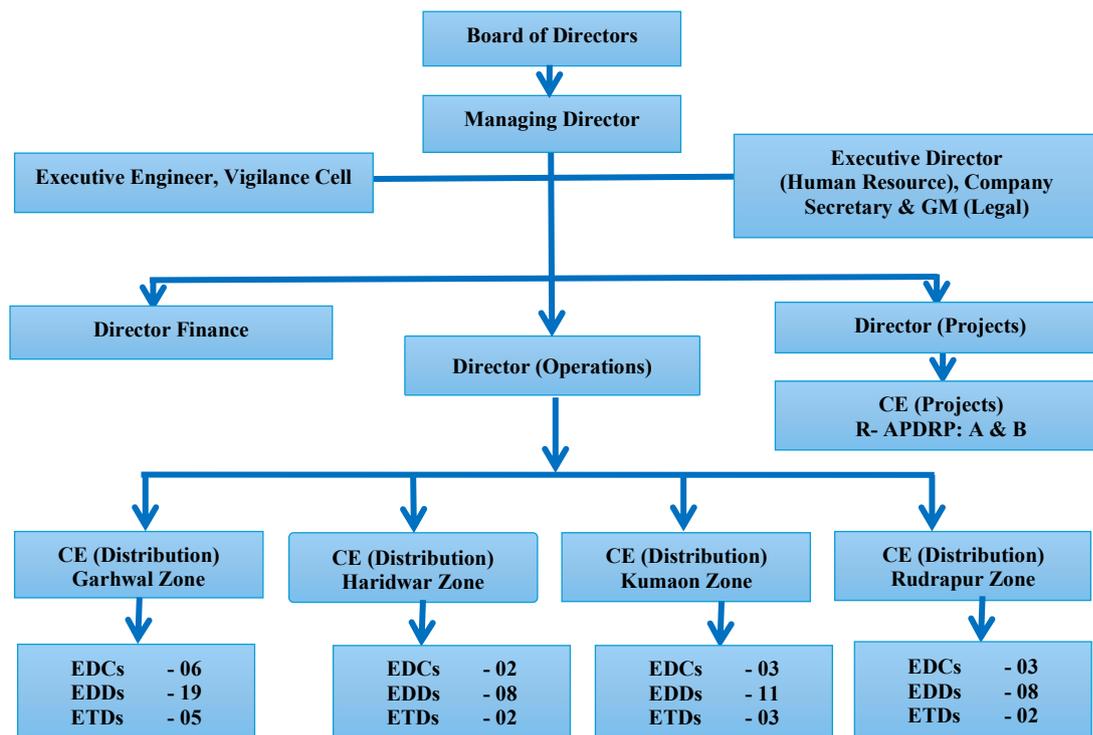
4.1.2 Organisational structure

The management of the UPCL is vested with the Board of Directors (BoD) headed by the Chief Secretary, Government of Uttarakhand (GoU) as Chairperson. The day-to-day affairs of the UPCL are managed by the Managing Director, with the assistance of the Director (Operations), Director (Projects), and Director (Finance).

For administrative convenience, UPCL has divided the geographical area of the State into four Zones (Garhwal, Kumaon, Haridwar and Rudrapur), each headed by a Chief Engineer (CE), which have further been divided into 14 Electricity Distribution Circles² (EDCs) each headed by a Superintending Engineer, and EDCs have further been divided into 46 Electricity Distribution Divisions (EDDs) and 12 Electricity Test Divisions (ETDs) each headed by an Executive Engineer (31 March 2024). Therefore, the distribution related activities of UPCL were being carried out through 72 Units, which were directly involved in ensuring distribution of electricity to the consumers and revenue realisation from them. The Organisational structure is depicted in **Chart-4.1** below:

¹ Under administrative control of Secretary (Energy), Department of Energy, Govt. of Uttarakhand.
² One EDC namely EDC-Chakrata was created in March 2024.

Chart-4.1: Organisational Structure (Distribution)



The core activities of UPCL, *inter alia*, included procurement of power from generating companies *viz.* UJVN Limited, NTPC, NHPC and others³; distribution of power to consumers through distribution network comprising lines, sub-stations and transformers; billing to consumers and revenue realisation from them *etc.* The Subject Specific Compliance Audit (SSCA) was conducted on the UPCL's activities related to ***Billing Efficiency and Revenue Realisation.***

4.1.3 Audit Objectives

The objectives of the SSCA were to assess whether:

- The billing-related activities were carried out efficiently and effectively as per the prescribed provisions of the UERC (Supply Code) Regulations⁴, 2020 read with the Tariff orders issued by the UERC from time to time.
- The revenue realisation related activities were adequate, prompt and effective, and the UPCL was able to meet the targets of Collection Efficiency assigned by the UERC.
- There exists a robust internal control and monitoring mechanism to ensure compliance with the regulatory provisions and safeguard the business interest of the UPCL.

4.1.4 Audit Criteria

The sources of Audit criteria adopted for assessing the achievement of the audit objectives were as below:

³ Includes Gas Based Power Plants and Independent Power Producers.

⁴ The UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020.

- The provisions of the Electricity Act, 2003 (as amended),
- The UERC (Supply Code) Regulations, 2020/ Tariff Orders issued by the UERC from time to time
- Guidelines/ Directions/ Orders issued by Central Government/ State Government/ UPCL, and the Uttarakhand {Uttar Pradesh Government Electricity Undertaking (Dues Recovery) Act, 1958} Adoption and Modification Order, 2002.

4.1.5 Scope and Methodology of Audit

For analysing Billing Efficiency and Revenue Realisation related activities, in addition to UPCL Corporate Office, 24 field Units (EDCs-04, EDDs-17 and ETDs-03) were selected for detailed review and scrutiny, covering the period⁵ from 2020-21 to 2023-24.

The Entry Conference with the UPCL Management⁶ was held on 16 August 2023 in which the Audit Objectives, Audit criteria, Audit Scope and Methodology and the key areas for Audit were discussed. Further, the Audit findings were discussed with the UPCL Management and GoU in the Exit Conference held on 25 June 2024. The Exit Conference was attended by the Additional Secretary, Department of Energy- GoU and the Managing Director- UPCL along with the functional Directors and other officers.

The Draft Report was issued to the UPCL and GoU on 23 September 2024. In response, UPCL furnished reply on 21 November 2024, and thereafter, the GoU endorsed the reply of UPCL on 08 January 2025. Accordingly, the replies have been suitably incorporated in the finalisation of this Report.

4.1.6 Financial Highlights

The financial position of UPCL during the last four years ending on 31 March 2024 is given below:

Table-4.1: Financial position of the UPCL

<i>(₹ in crore)</i>					
Sl. No.	Particulars	2020-21	2021-22	2022-23	2023-24
A. Equity and Liabilities					
1	Paid up capital (incl. Share Application Money pending allotment)	1474.91	1489.91	1529.91	1604.84
2	Accumulated Profit (+)/ Losses (-)	(-) 3851.01	(-) 3872.44	(-) 5288.07	(-) 5434.99
3	Reserve and Surplus excluding Accumulated Losses/ Deferred Government Grants ⁷	2495.27	2560.17	2905.88	2845.11
4	Non-Current Liabilities	1793.57	1491.54	1156.58	1546.72
5	Current Liabilities & Provisions	6473.24	5926.83	7932.84	8602.39
Total		8385.98	7596.01	8237.14	9164.07

⁵ Initially, the SSCA was planned with coverage of three years from 2020-21 to 2022-23, however, in view of the prevalence and adverse impact of Covid-19 pandemic, year 2020-21 has been kept out and the year 2023-24 has been considered in the SSCA.

⁶ No representative of GoU was available to attend the Entry Conference.

⁷ Includes grant towards Capital Works, Consumer Contribution and Transfer Scheme.

Sl. No.	Particulars	2020-21	2021-22	2022-23	2023-24
	B. Assets				
6	Non-Current Assets	6611.35	6406.12	6794.36	7510.17
7	Current Assets (incl. Trade Receivables)	1774.63	1189.89	1442.78	1653.90
	Total	8385.98	7596.01	8237.14	9164.07
	Net Worth (Row 1 + Row 2)	(-) 2376.10	(-) 2382.53	(-) 3758.16	(-) 3830.15

Source: Data compiled from the Annual Financial Statements of the UPCL.

From the above **Table-4.1**, it may be seen that the Accumulated Losses of the UPCL were increased from (-) ₹ 3851.01 crore to (-) ₹ 5434.99 crore (increased by 41.13 *per cent*), and erosion in the net worth was increased from (-) ₹ 2376.10 crore to ₹ 3830.15 crore (increased by 61.19 *per cent*) during the period 2020-21 to 2023-24.

4.1.6.1 Financial Performance

The financial performance of UPCL during the last four years ending on 31 March 2024 is given below:

Table-4.2: Financial performance of the UPCL

Sl. No.	Particulars	2020-21	2021-22	2022-23	2023-24
	Revenue				
1	Revenue from Operations	6453.92	7223.56	8554.30	9648.12
2	Other Income	87.68	245.56	289.13	429.76
	Total Revenue	6541.60	7469.12	8843.43	10077.88
	Expenses				
3	Purchase Cost of Electricity	5574.46	6253.33	8633.11	8566.36
4	Repair and Maintenance Expenses	194.87	228.53	312.59	380.20
5	Employee Benefit Expenses	356.00	338.49	458.54	427.98
6	Finance Cost	189.73	203.22	217.09	297.84
7	Depreciation and Amortisation Expenses	230.22	253.30	456.70	509.67
8	Other Administrative Expenses	50.04	65.08	65.60	75.32
	Total Expenses	6595.32	7341.95	10143.63	10257.37
9	Profit/ (Loss) before Exceptional/ Prior Period Items (Row3- Row10)	(-)53.72	127.17	(-)1300.20	(-)179.49
10	Exceptional/ Prior Period Items	(-)81.44	(-)127.14	99.41	-
11	Tax Expenses (Deferred Tax Assets/ (Liabilities))	(-)16.59	(-)21.45	(-)22.85	32.58
12	Net Profit/(Loss) for the year (Row11+ Row12+Row13)	(-)151.75	(-)21.42	(-)1223.64	(-)146.91

From the above Table, it may be seen that Revenue from Operations indicated an increasing trend, from ₹ 6453.92 crore in 2020-21 to ₹ 9648.12 crore in 2023-24. The Power Purchase Cost being the major cost component, increased from ₹ 5574.46 crore (2020-21) to ₹ 8566.36 crore (2023-24). Further, the overall financial performance of UPCL indicated that it had incurred losses during the period 2020-21 to 2023-24, with the highest losses of ₹ 1223.64 crore in 2022-23, mainly due to higher purchase cost of electricity in that particular year.

4.1.7 Operational Profile of UPCL

The operational profile of UPCL is given in the **Table-4.3** below.

Table-4.3: Operational profile

Sl. No.	Particulars	As on 31 March 2024
1.	Total Consumers/ Connections (Nos.)	29.13 lakh
	Metered (Nos.)	29.13 lakh
	Unmetered (Nos.)	Nil
2.	HT Consumers (Nos.)	6,469
3.	Turnover (2023-24) (in ₹)	9648.12 crore
4.	No. of Sub-divisions	133
5.	No. of Feeders	2,562
6.	No. of 11/0.4 kV Distribution Transformers (DTRs)	91,718
7.	No. of Un-metered DTRs	64,413
8.	Line Length (circuit kilometer)	1,30,195.56

Source: Information provided by UPCL.

4.1.7.1 Tariff Based Classification

UPCL has classified its consumers based on a tiered tariff system keeping in view usage and consumption of energy, with rates increasing as consumption rises. The classification of consumers as of 31 March 2024, in terms of applicability of various tariff rates as discussed in *Appendix-4.1*, is given in **Table-4.4** below:

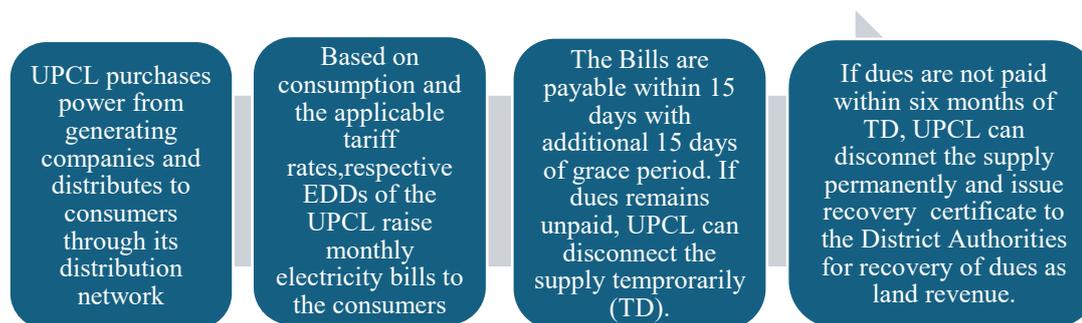
Table-4.4: RTS-Wise Consumer Base as on 31 March 2024

Sl. No.	Category	Number of Consumers	Per cent of Consumers
1	RTS-1: Domestic	25,24,813	86.67
2	RTS-2: Non-Domestic	3,14,943	10.81
3	RTS-3: Government Utilities	8,210	0.28
4	RTS-4: Private Tubewells	46,662	1.6
5	RTS-5: LT & HT Industries	18,630	0.64
6.	Others (RTS: 6, 7, 8 and 9)	123	--
Total		29,13,381	100

Source: Information provided by UPCL.

4.1.7.2 Process of Billing and Revenue Collection in UPCL

UPCL has IT based billing system which was implemented under R-APDRP. The billing of energy supplied to consumers is based on the meter reading collected through handheld devices (Spot Billing Machines-SBM) and Meter Reading Instruments (MRIs). The process of Billing and Revenue Collection in UPCL is depicted as below:



Under the Regulatory requirements, UPCL has set up Consumer Grievance Redressal Forums (CGRFs), responsible for resolving consumer complaints, having regular/principal offices at eight⁸ key locations. Further, in case, the aggrieved Consumer is not

⁸ Dehradun, Srinagar (Garhwal), Haldwani, Rudrapur, Haridwar, Uttarkashi, Karanprayag and Almora.

satisfied with the decision of the CGRFs, he/ she, may appeal to the Electricity Ombudsman appointed by the UERC under the provision of Section-42(6) of Electricity Act 2003.

4.1.7.3 Energy Profile of UPCL

The energy profile of UPCL mainly provides details of energy purchase, distributed, and sold to the consumers within the area under its jurisdiction. The targets of efficiency parameters viz. Billing Efficiency, Distribution Losses and Collection Efficiency are prescribed by the UERC.

The **Billing Efficiency**⁹ is an indicator of proportion of energy that has been billed (includes both metered and unmetered sales) to consumers with respect to the energy supplied to an area, whereas the **Collection Efficiency**¹⁰ is an indicator of proportion of amount that has been collected from consumers against the amount billed to them. **Billing/ Collection Efficiency** lower than the prescribed limits is indicative of the fact that the distribution company (DISCOM) is required to put greater efforts towards billing by stopping leakages & developing efficiencies and improving revenue realisation methods and practices.

The energy profile of UPCL depicting the energy purchased / billed, billing efficiency and distribution losses is detailed in **Table-4.5** below:

Table-4.5: Energy profile of UPCL

Sl. No.	Particulars	2020-21 ¹¹	2021-22	2022-23	2023-24
1	Energy purchased (in MUs ¹²)	13287.59	14581.68	15757.27	16108.90
2	Per cent of Distribution losses allowed by UERC	14	13.75	13.50	13.25
3	Distribution losses allowed by UERC (in MUs) (Row 1 x Row 2 /100)	1860.26	2004.98	2127.23	2134.43
4	Energy available for billing as per UERC (in MUs) (Row 1 less Row 3)	11427.33	12576.70	13630.04	13974.47
5	Energy sold (in MUs)	11432.59	12518.80	13491.22	13870.71
6	Billing Efficiency (in per cent) (Row 5/ Row 1 x100)	86.04	85.85	85.62	86.11
7	Distribution loss (in per cent) (100 - Row 6)	13.96	14.15	14.38	13.89
8	Distribution losses over & above permissible limits (in MUs) (Row 4- Row 5)	-5.26	57.90	138.82	103.76
9	Cost of Power Purchase including expenditure (₹ in crore)	6,605.67	7,244.98	9777.94	9824.85
10	Sale of Electricity (₹ in crore)	6,453.92	7,223.56	8554.30	9648.12
11	Cost of power sold per unit (in ₹) (Row 9 / Row 5)	5.78	5.79	7.25	7.08
12	Sale of power sold per unit (in ₹) (Row 10 / Row 5)	5.65	5.77	6.34	6.96
13	Net Profit / Loss (-) per unit sold (Row 12- Row 11)	-0.13	-0.02	-0.91	-0.12

Source: Information provided by UPCL.

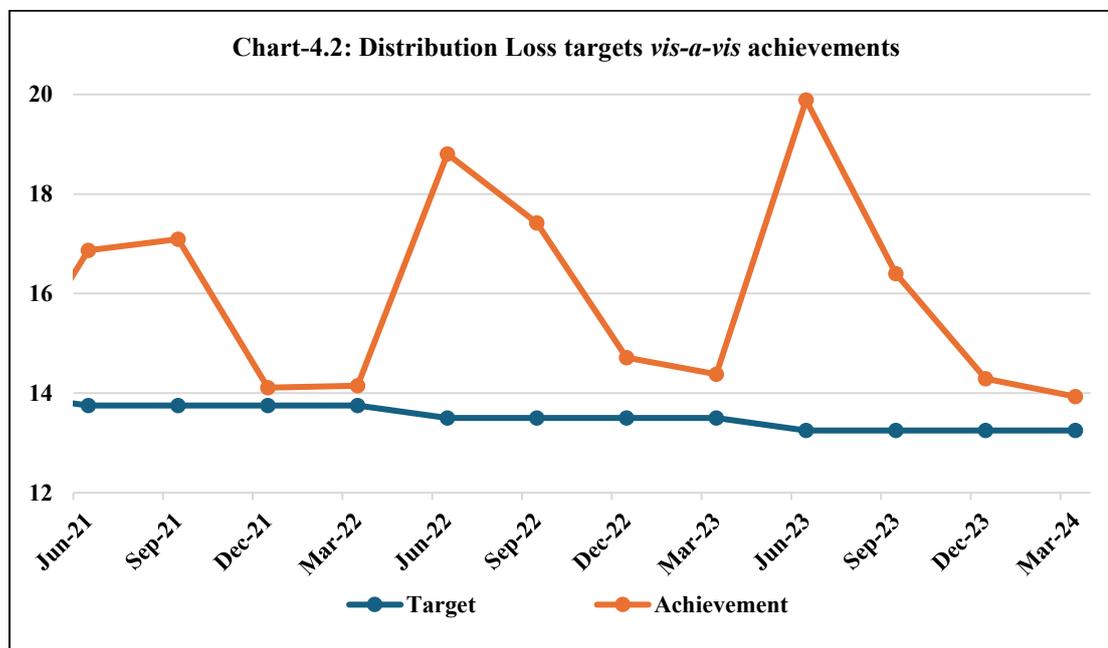
⁹ Billing Efficiency = Total Energy Billed to Consumers (kWh) / Total Energy Input (kWh).

¹⁰ Collection Efficiency = Revenue Collected (In ₹) / Billed Amount (In ₹).

¹¹ Considering the hardships due to Covid-19 pandemic during the year 2020-21 and the fact that UPCL was able to achieve the distribution loss targets, year 2020-21 has been excluded from further analysis.

¹² In Million Units.

It is evident from the above that during the year 2020-21, which was largely affected by Covid-19 pandemic, UPCL was able to meet the distribution loss targets and the same were 13.96 per cent against the target limit of 14 per cent prescribed by the UERC. The position of the quarterly achievements against the targets of distribution losses during the period 2021-22 to 2023-24 is depicted in **Chart-4.2** below:



Source: Information provided by UPCL.

It can be seen that, during the year 2021-22 to 2023-24, UPCL did not achieve the prescribed distribution loss targets, indicating a shortfall of 0.40 percentage points to 0.88 percentage points. As a result, UPCL lost 300.48 MUs of energy valuing ₹ 156.07 crore¹³, over and above the permissible limits of distribution losses during the period of 2021-22 to 2023-24.

Further, as envisaged from **Chart-4.2**, the achievements of UPCL against the UERC distribution loss targets, were cyclical in nature. This was primarily due to additional drives on billing and revenue realisation carried out by UPCL in the last quarter of the aforesaid financial years.

4.1.8 Audit Findings

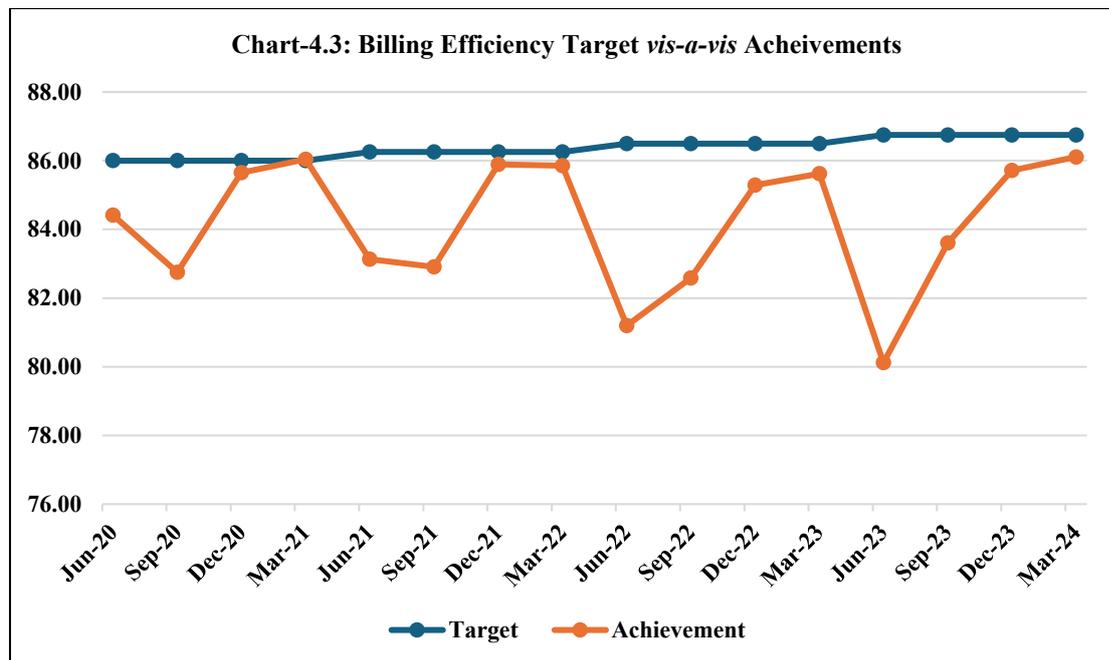
The Audit findings have been broadly divided into three parts viz. (1) Billing Efficiency-related cases; (2) Revenue Realisation-related cases; (3) Internal Control and Monitoring-related cases.

4.1.8.1 Billing Efficiency

Billing efficiency refers to the proportion of energy that has been billed (includes both metered and unmetered sales) to consumers with respect to the energy supplied to an area. Billing Efficiency and distribution loss are inversely related. The higher distribution losses indicate the lower Billing Efficiency and vice-versa.

¹³ Calculated @ of ₹ 4.29 per unit, ₹ 5.48 per unit and ₹ 5.32 per unit respectively for the period 2021-22 to 2023-24 respectively.

Records indicated that the UPCL had not been able to achieve the billing targets except during the year 2020-21, against the distribution loss targets assigned by the UERC, as depicted in **Chart-4.3** below:



Source: Information provided by UPCL.

It is evident from the above Chart that the billing efficiency remained close to the targets between December and March every year, however, during the period April-June, there was a sharp decline in billing efficiency which remained up to September every year.

The automation of the billing system by streamlining the billing process right from meter reading to bill generation and containing distribution losses, was key to enhance the billing efficiency. For achieving greater billing efficiency, implementation of the smart metering was one of the essential measures. However, there was a significant delay in implementing the smart metering project. The tender for replacement/ installation of 15.87 lakh smart meters was floated in December 2022 but the work was awarded in December 2023 and thereafter, agreement was signed in March 2024. Further, delay in implementation resulted in installation of only 60,514 smart meters (as of 31 March 2025) against 15.87 lakh smart meters.

Thus, the billing efficiency remained lower than the targets assigned by UERC and ranged from 86.04 per cent to 86.11 per cent during 2020-21 to 2023-24 (**Table-4.5**) mainly due to distribution losses. Further analysis of distribution losses is discussed in the succeeding paragraphs:

(i) Loss of energy worth ₹ 156.07 crore due to theft of power

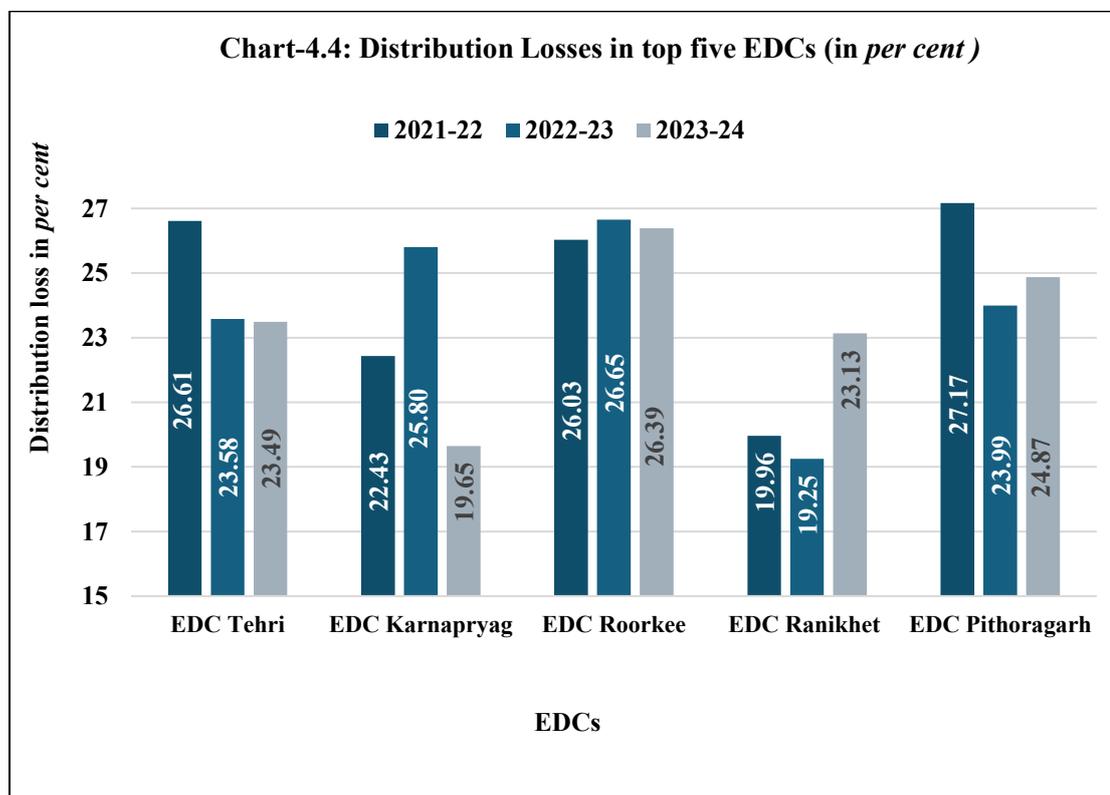
In the Power Sector, the distribution losses are referred to as one of the key yardsticks for the measurement of performance of distribution utilities. It is the difference between the energy input and the energy billed to the consumer. As discussed in **paragraph-4.1.7.3**,

UPCL lost 300.48 MUs of energy valuing ₹ 156.07 crore during the period 2021-22 to 2023-24. Analysis of loss of energy at the EDC/EDD level is indicated as below:

(a) Distribution losses at EDC level

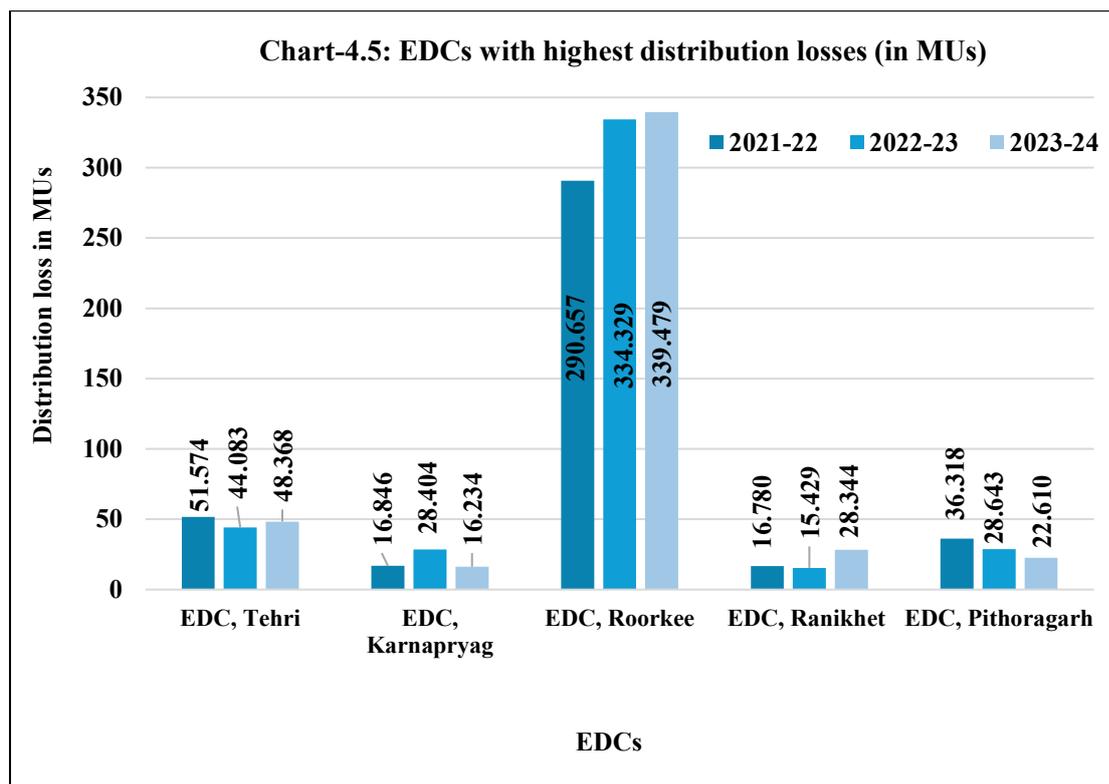
The UERC had prescribed the target of 13.25 per cent for distribution loss during the year 2023-24. Analysis of the distribution losses at EDC level indicated that out of 13 EDCs, six¹⁴ EDCs met the target, recording distribution losses between 6.49 per cent and 11.87 per cent. Accordingly, they were able to bill an additional 374.682 MUs of energy as compared to the target. The remaining seven¹⁵ EDCs could not meet the target with distribution losses ranging from 19.65 per cent and 26.39 per cent, incurring total loss of 478.446 MUs in billable energy relative to the target. The underperformance led to a net loss of 103.764 MUs of energy (478.446 - 374.682).

Out of these seven EDCs, the highest distribution losses incurred by five EDCs are depicted in **Chart-4.4**:



It can be seen that, out of the five EDCs, four lie in the hilly terrains where the losses are generally considered high due to difficult geographical terrain and low density of consumers. The fifth *i.e.* Roorkee, lies in the plains, has been the worst performer with distribution losses to the tune of 964.465 MUs during the period 2021-24, as depicted **Chart-4.5** below:

¹⁴ EDCs total billed additional energy 374.682 MUs as compared to the target-Dehradun Urban (81.383), Dehradun Rural (81.688), Srinagar (37.620), Haridwar (36.243), Kashipur (90.203), and Rudrapur (47.545).
¹⁵ EDC (lost total 478.446 MUs as compared to the target)-Tehri (48.368), Karanprayag (16.234), Roorkee (339.479), Haldwani (9.886), Ranikhet (28.344), Pithoragarh (22.610), and Champawat (13.525).



Source: Information provided by UPCL.

It may be seen from the above **Chart** that EDC Roorkee was incurring the highest losses among the EDCs, which ranged between 69 per cent and 74 per cent of the cumulative losses incurred by the top five EDCs together.

Further, analysis revealed that the distribution losses in respect of the EDC Roorkee were in increasing trend from 291 MUs, to 339 MUs during the period 2021-22 to 2023-24. The financial impact of distribution loss in EDC Roorkee was worked out to ₹ 488.50 crore, as under:

Table-4.6: Cost of energy lost in EDC Roorkee

Year	Loss of Energy over & above the permissible limits (in MUs)	Average Power Purchase Cost (APPC) per unit (in ₹)	Distribution Losses over & above the permissible limits (₹ in Crore)
2021-22	290.657	4.29	124.69
2022-23	334.329	5.48	183.21
2023-24	339.479	5.32	180.60
Total	964.465	--	488.50

Source: Information provided by UPCL.

It is evident that EDC Roorkee alone suffered energy loss of 964.465 MUs costing ₹ 488.50 crore during the period of three years ending as on 31 March 2024. The EDC Roorkee comprises of four EDDs namely Bhagwanpur, Roorkee Rural, Roorkee Urban and Roorkee Ramnagar, among which the distribution losses of Bhagwanpur remained closer to the permissible limits, however, the same in respect of other three EDDs

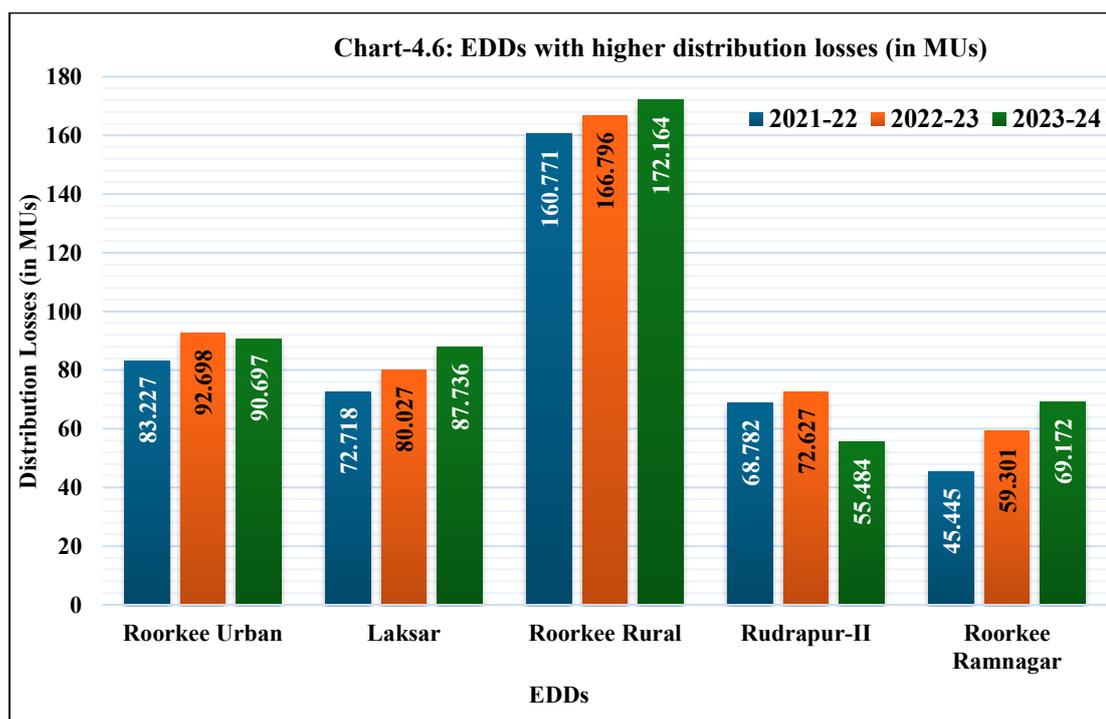
remained higher among all the EDDs of UPCL except three¹⁶ EDDs and ranged from 27.34 per cent to 34.83 per cent during the above period.

Further, the cost of energy loss incurred by other four EDCs was worked out at ₹ 177 crore (EDC: Tehri-₹ 72 crore, Pithoragarh-₹ 43 crore, Ranikhet-₹ 31 crore and Karnprayag-₹ 31 crore) during the period 2021-22 to 2023-24. The main reason attributable to the above distribution losses was theft of power.

(b) Distribution losses at EDD level

Analysis of distribution losses at EDD Level indicated that, out of 46 EDDs, 19 EDDs were able to meet the distribution loss targets of 13.25 per cent, however, 10 EDDs incurred distribution losses ranging from 13.26 per cent to 20 per cent and 17 EDDs had losses more than 20 per cent (*Appendix-4.2*) for the year 2023-24.

Among the Divisions, the EDDs under the jurisdiction of the EDC Roorkee had higher distribution losses as discussed in the preceding paragraph. The top five EDDs indicating higher distribution losses ranging from 45.445 MU to 172.164 MU during the period 2021-22 to 2023-24, are depicted in **Chart-4.6** below:



Source: Information provided by UPCL.

Further review indicated that theft of power was the primary reason of higher distribution losses and this was coupled with the absence of deterrent measures in terms of theft preventing activities. The situation could be dealt with by introducing strong vigilance & administrative support in the form of dedicated police stations and courts.

¹⁶ EDD Bageshwar, EDD Dharchula and EDD Narayanagarh (distribution losses ranged between 26.60 per cent and 37.86 per cent).

The impact of loss of energy (based on APPC) in these top five EDDs is detailed in **Table-4.7** below:

Table-4.7: Loss of power in the top five EDDs

<i>(₹ in crore)</i>					
Sl. No.	EDD/ Year	2021-22	2022-23	2023-24	Total
1	Roorkee Rural	68.97	91.40	91.59	251.96
2	Roorkee Urban	35.70	50.80	48.25	134.75
3	Laksar	31.20	43.85	46.68	121.73
4	Rudrapur-II	29.51	39.80	29.52	98.83
5	Roorkee Ramnagar	19.50	32.50	36.80	88.80
Total		184.88	258.35	252.84	696.07

Source: Information provided by UPCL.

A study report on UPCL performance (March 2024) also highlighted these issues and advocated for measures to be taken.

Study Report on UPCL Performance Transformation

The GoU Discussion Documents (March 2024) on UPCL Performance Transformation, *inter alia*, acknowledged that Haridwar and US Nagar accounted for *approximately 70 per cent* of the total energy lost and discussed potential solutions / decisions required for the transformation of UPCL. It advocated for sealing operational leakages through control of distribution losses, optimising power purchase cost and conversion of grants into debt/debts into equity.

The Management stated (November 2024) that UPCL regularly focuses on Billing Efficiency, Collection Efficiency and Distribution Losses in the districts of Haridwar and Udham Singh Nagar (US Nagar) as these districts are densely populated and industrialised and consume almost *60 per cent* of the energy sold. Further, stringent action is also being taken against the divisions which are not performing well. For smooth function and better control over various parameters, new Distribution Divisions as well as Circle offices are also created.

Audit noticed that no action was taken by the UPCL till January 2025 on the GoU's study report of March 2024 to contain the distribution losses. Further, despite having significant distribution losses at EDC level (EDC Roorkee in particular) and other EDDs as mentioned above, UPCL did not formulate any action plan for containing these losses as also highlighted in the above Study Report.

(ii) Lack of manpower/ police officials in the Vigilance Cell

Section 135 of the Electricity Act, 2003 read with Clause 7.2.1 of the UERC (Supply Code) Regulations, 2020 empowers the UPCL to check/ inspect the consumers' premises for detecting the unauthorised use / theft of electricity.

The GoU, vide Circular (06 October 2004) accorded sanction for creation of 44 temporary posts, which among others, included for **Raids & Revenue Inspection Department (RRID)** 11 officers/officials comprising Deputy General Manager (DGM)/ Superintending Engineer rank - 01; Executive Engineers - 02; Assistant

Engineers (AEs)-04 and Junior Engineers (JEs)-04. The establishment of the RRID was important to ensure that (1) all Revenue Units are inspected at least once a year, (2) assessment & realisation against the irregularities are identified during the Raids / Inspections (3) raids / inspection at consumer premises are arranged, as per order of the higher Management, and (4) surprise checks & inspections are carried out.

Records indicated that the RRID, as such, did not come into existence. However, there exists a Vigilance Cell, approval for which was conveyed (November 2018) by the Secretary, Energy Department, GOU with sanctioned strength of eight officials from the Police Department on deputation basis. The Vigilance Cell works jointly with the technical manpower of UPCL and the police officials from the State Police Department.

The details of deployment of Police officials against the sanctioned strength in the Vigilance Cell at the end of the year 2021-22 to 2023-24 are given in **Table-4.8** below:

Table-4.8: Statement of deployment of manpower in Vigilance Cell

Sl. No.	Name of the post	Sanctioned Strength	Men-in-position (as at the end of March)			Vacant Post (March 2024)
			2022	2023	2024	
1	DIG/ SSP	01	01	01	01	--
2	Dy. SP	01	00	00	00	01
3	Inspector	02	03	02	02	--
4	Sub-Inspector	04	00	00	00	04
Total		08	04	03	03	05

Source: Information provided by UPCL.

It may be seen from above that there was a significant shortfall (63 *per cent*) in deployment of police manpower in Vigilance Cell (31 March 2024) and that the posts of Dy. SP and Sub-Inspectors remained vacant during the period 2021-22 to 2023-24. Records also indicated that deployment of women Police Officials (Sub-Inspectors & Constables) in Vigilance Cell was also not done for conducting raids, particularly in the premises of domestic consumers.

The details of the UPCL officials engaged with the Vigilance cell are given in **Table-4.9** below:

Table-4.9: - Statement of deployment of manpower in Vigilance Cell

Sl. No.	Name of the post	Men-in-position (as at the end of March)		
		2022	2023	2024
1	Executive Engineer	02	02	02
2	Asstt. Engineer	04	03	04
3	Junior Engineer	--	--	--
Total		06	05	06

It may be observed that considering the sanctioned strength of manpower for RRID and the strength of the Vigilance Cell, the overall men-in-position remained about 50 *per cent* only during the years 2021-2022 to 2023-24, with no JEs in the team.

As a result, the targets of vigilance raids remained underachieved as detailed in **Table-4.10** below:

Table-4.10: Vigilance Raids-Targets vis-à-vis Achievements

Year	Target	No. of raids conducted	Percentage of achievement	Cases of theft of electricity	Remarks
2020-21	4800	3303	68.81	2335	The details of FIRs lodged, Assessment raised, Amount recovered <i>etc.</i> exclusively owing to vigilance raids were not provided to Audit.
2021-22	4800	3266	68.04	2289	
2022-23	4800	4143	86.31	2972	
2023-24	4800	4103	85.48	2531	
Total	19200	14815	77.16	10127	

Source: Information provided by UPCL.

It may be seen from the above Table that there was a shortfall in achievement of targets for vigilance raids ranging from 13.69 *per cent* to 31.96 *per cent* during 2020-21 to 2023-24 which impacted the performance of deterrent measures to deal with theft of power.

Non-strengthening of the Vigilance Cell despite continuous energy losses in the areas under the jurisdiction of EDC Roorkee, Chief Minister's directions (June 2023) and several cases of manhandling with UPCL teams, remained a matter of concern

The Management stated (November 2024) that UPCL Vigilance Unit had been strengthened from time to time to prevent unauthorised use/theft of electricity, and the same was functioning with an appropriate structure (or appropriate strength¹⁷) at present. It was also stated that after Covid-19 pandemic, vigilance drives have increased from 68 *per cent* (in FY 2021 & 2022) to 86 *per cent* (in FY 2023). After deployment of additional Assistant Engineers in March 2023, the vigilance checking has increased from 86 *per cent* to 104 *per cent* (in the first half year of FY 2025). Against the target of 2400 raids, there have been 2517 raids with 1575 FIRs during the first half of the year 2024-25.

Audit acknowledges the improvement in number of vigilance raids/ checkings and the increase in the manpower of the Vigilance cell. However, a well-structured Vigilance Cell with adequate number of police officials and UPCL manpower is essential for effective governance, implementation and follow-up of the vigilance related activities.

(iii) Lack of administrative support for containing theft / pilferage of energy

*The Niti Aayog*¹⁸ advocated (August 2021) that **DISCOMs** require the support of government machinery, in the form of police and courts, to settle legal and administrative disputes. The report further states that, in Maharashtra, Odisha, Gujrat and Manipur, such support from the government resulted in a drastic decrease in loss due to pilferage.

¹⁷ Executive Engineer-02; Assistant Engineer-05; Security Personnel-09, and officials-05.

¹⁸ Report on Turning Around the Power Distribution Sector; Learnings and Best Practices.

States like Andhra Pradesh, Delhi, Karnataka, Rajasthan, Uttar Pradesh, Gujrat and West Bengal have enacted anti-theft laws and many of them have set up special courts and dedicated police stations. These states have noticed significant reduction in the power theft cases.

Earlier, the **Forum of Regulators¹⁹ (FOR)** publication (September 2008) on **Distribution Loss Reduction Strategies**, *inter alia*, advocated for a multi-prolonged strategy with technical interventions as well as administrative/ governance measures and acknowledged the theft of electricity as the biggest menace and envisaged to tackle it sternly and with actions having a deterrent effect.

In another publication (July 2016) on **Best Practices and Strategies for Distribution Loss Reduction**, the FOR envisaged that DISCOMs should prioritise their resources towards implementation of recommendations which, *inter alia*, included administrative initiatives such as setting up of dedicated police stations and the courts.

In this regard, Audit noticed the following:

The Hon'ble Chief Minister of the State in a review meeting (June 2023), *inter alia*, directed to strengthen the vigilance team and establish dedicated electricity police stations to prevent electricity theft in the districts Haridwar and US Nagar, and to review the efforts of the vigilance teams towards containing the electricity theft monthly.

- In view of the direction (October 2019) of the Secretary (Energy)-GoU to submit a proposal to set up dedicated electricity Police Stations, SSP (Vigilance) identified two districts *viz.* Haridwar and US Nagar clocking the highest distribution losses at the feeder level ranging from 63.52 *per cent* to 77.80 *per cent*.
- Accordingly, UPCL had forwarded (July 2020) to the Secretary (Energy), GoU a detailed proposal for establishing dedicated Police Station in each of the two districts *viz.*

Haridwar and US Nagar. It was further opined that establishment of the separate Police Stations will facilitate in taking-up immediate measures to deal with electricity theft related issues in these areas. However, no subsequent follow-up of the matter with GoU was noticed.

- Despite the lapse of more than five years of submission of a detailed proposal for setting up the dedicated police stations in the two most affected districts, there has been no progress towards setting up the dedicated electricity Police Stations so far (January 2025).

¹⁹ Forum of Regulators (FOR) was constituted vide Notification dated 16 February 2005 in pursuance of the provision under section 166(2) of the Electricity Act, 2003.

- As a result, the distribution losses in the said Districts continue to remain high as discussed in **Paragraph-4.1.8.1**. Records further indicated that EDC Roorkee



struggled to get FIRs registered against the theft cases identified during the raids, as local Police did not cooperate stating shortage of manpower. Further, there was no effective mechanism for follow up of the theft cases.

- The theft situation in the area under the jurisdiction of EDC Roorkee can be understood in light of the fact that 104 transformers valuing ₹ 1.52 crore were stolen during the period 2019-20 to 2023-24.
- UPCL officials have been subjected to harsh treatment / physical attack/ manhandling in the theft prone areas of Roorkee. The Print Media has also been reporting cases of attack/ manhandling with the UPCL Vigilance Teams.

In this regard, the impact of improvement in dealing with the theft of electricity through establishment of dedicated Police Station in neighbouring state Uttar Pradesh is discussed below:

Establishment of the dedicated electricity Police Stations by the Govt of Uttar Pradesh

The neighbouring state of Uttarakhand *i.e.* Uttar Pradesh and many other states have established dedicated Police Stations for curbing the menace of theft & unauthorised use of electricity. The establishment of dedicated Police Stations in the state of Uttar Pradesh have supported the UPPCL in (1) getting the FIRs registered promptly, (2) reduced timeliness in investigations and strong follow-up and monitoring of the registered cases, (3) higher revenue collections of ₹ 47.52 crore (being 12.28 per cent of the FIRs value) against the establishment cost of total ₹ 41.00 crore. (registered value of the FIRs lodged in police stations of ₹ 402.27 crore which were pending/contested in Court of Law up to December 2020), (4) Noticeable downtrend in power theft cases as a percentage of Raids reduced from 65.97 per cent to 47.92 per cent during the year 2017 to 2020 respectively, and (5) centralised data of offenders.

The Management stated (November 2024) that the matter was again discussed during the review meeting held on 22 July 2024 at the Government level, wherein, UPCL raised the issue of non-registering of the FIRs of electricity theft cases and requested to establish the dedicated Police Stations. Further, UPCL again requested (04 November 2024) the Secretary (Energy), GoU to establish the dedicated Police Stations in the districts of Haridwar and US Nagar.

Audit noticed that the dedicated Police Stations in the district of Haridwar and US Nagar District were yet to be established (January 2025).

(iv) Continuous provisional billings due to NA/NR/defective meters

Provisional Billing is a temporary arrangement for raising bills based on average consumption of previous three billing cycles where meter is found/ reported defective²⁰ (IDF/ ADF/ RDF) and based on average consumption of previous twelve billing cycles where meter is inaccessible/ reading could not be taken (NA/NR).

Clauses 5.1.4 and 5.1.2 of the UERC (Supply Code) Regulations, 2020 require UPCL to maintain the meters and keep them in working order at all times and ensure replacement of defective meters within 15 days from the date of the meters being found or being reported defective/stuck/stopped/burnt/stolen. Further, in case of the meter being defective or being inaccessible or where readings could not be taken, Clause 5.2.1 also mandated UPCL to raise bills on a provisional basis for a maximum period of two billing cycles. Thereafter, the UPCL is not entitled to raise any bill on a provisional basis.

Audit noticed that UPCL had 1,13,273 live consumers with NA/NR/ defective meters as on 31 March 2024 who were billed for more than two continuous billing cycles.

The details of provisional billing in respect of the NA/NR consumers and the defective meters, are given in **Table-4.11** below:

Table-4.11: Provisional Billing beyond Regulatory Norms

(₹ in crore)

Billing Cycles	NA/NR		Defective meters		Total	
	Number of Consumers	Arrears March 2024	Number of Consumers	Arrears March 2024	Number of Consumers	Arrears March 2024
3-12	26,082	55.65	43,544	98.30	69,626	153.95
13-24	6,974	29.86	12,573	68.09	19,547	97.95
25-36	2,739	17.47	5,435	35.06	8,174	52.53
37-48	968	7.44	5,611	29.91	6,579	37.35
49-60	327	3.15	4,837	20.20	5,164	23.35
61 & above	177	1.97	4,006	18.27	4,183	20.24
Total	37,267	115.54	76,006	269.83	1,13,273	385.37

Source: information provided by UPCL.

From the above Table, it is evident that 1,13,273 consumers were billed on a provisional basis beyond the prescribed limit of two billing cycles and out of this, in case of 24,100 consumers (having corresponding arrears of ₹ 133.47 crore), provisional billing was done for more than 24 billing cycles *i.e.* for more than two years.

Audit noticed 10 cases (**Appendix-4.3**) of provisional billing which were brought before the CGRFs/ the Ombudsman and provisional billings in respect of all the cases were quashed for being contrary to the regulatory provisions, stating that UPCL was not entitled to raise bills on a provisional basis for more than two billing cycles. The Ombudsman, while passing the order in three cases at serial number 2, 3, 5 of **Appendix-4.3**, also stated that it would be appropriate to recover the cost of such bills from the erring staff. However, no follow-up action was noticed.

²⁰ Defective meters are categorised as Identified Defective Meters (IDF), Appear Defective Meter (ADF), Reading Defective Meters (RDF), and for inaccessible category *i.e.* Non-Availability (NA) and Not Read (NR).

The Management, on being pointed out by Audit, issued (May 2024) directions to the concerned officials to ensure that provisional electricity bills should not be issued for more than two billing cycles under any circumstances.

(v) Use of non-NABL accredited check meters

Clause 3.1.1 of the UERC (Supply Code) Regulations, 2007 required UPCL to use the energy meters conforming to the requirements of CEA (Installation and Operation of Meters) Regulations 2006, which *inter alia* provided that Licensee shall set up appropriate number of accredited testing laboratories or utilise the services of other accredited testing laboratories. Clause 5.1.3 of UERC (Supply Code) Regulations, 2020 reiterated the same provision.

It was noted that there was no progress on the matter till 2020. The Electricity Ombudsman sensitised (December 2020) UPCL regarding the requirement of accreditation of meter test labs, followed by further communications to the Managing Director, UPCL and the Secretary (Energy), GOU. It was also advised that, till the time UPCL labs are not accredited, the services of accredited labs of nearby power corporations of other states, for getting the meters, at least HT meters, tested from an accredited lab.

In absence of NABL accreditation/ delayed accreditation of test labs, the check/reference meters installed by ETDs were not certified by NABL-accredited labs. This led to disputes with consumers, escalating to CGRFs and the Electricity Ombudsman. In eight cases (***Appendix-4.4***), the Electricity Ombudsman invalidated assessments/revised bills of ₹ 2.79 crore raised by UPCL and, vide its different orders issued during February 2022 to July 2023, set aside the orders of CGRF on the grounds that check meters were not NABL certified.

The Management stated (November 2024) that getting NABL accreditation of a test labs cost ₹ two crore each along with 12-15 months of time and hence, it was planning to get NABL accreditation for the four²¹ test labs besides ETD (Urban), Dehradun and ETD, Haldwani to cater its needs for almost all the consumers of UPCL. The Management also stated that UPCL had filed writ petition(s) in all the cases before Hon'ble High Court.

The fact is that UPCL, in the absence of its NABL accredited laboratories, did not utilise the services of other NABL accredited laboratories to avoid non-compliance of the Regulations causing likely loss of ₹ 2.79 crore.

(vi) Contract load violation by domestic consumers

Clause 5.2.3.(1)(b) of the UERC (Supply Code) Regulations, 2020, *inter alia*, provides that if the Maximum Demand²² (MD) of the domestic consumers is found to be exceeding the permissible limits for three consecutive billing cycles, a notice along with the bill of 4th billing cycle is required to be issued to the consumers informing them

²¹ ETD-Srinagar, ETD-Almora, ETD-Haridwar and ETD-Kashipur.

²² The Maximum Demand in kW or kVA, as the case may be, shall mean an average kW or kVA supplied during consecutive 30/15 minutes (depending upon the type of meter being used) period of maximum use.

either to restrict their load within the contracted load or apply for additional load, failing which during the 5th billing cycle, the Licensee shall enhance the contracted load of such domestic consumers in the 6th billing cycle on the basis of average of the MD recorded in the previous five billing cycles. These provisions of demand violation by domestic consumers were applicable *w.e.f.* 01 April 2021.

To ascertain compliance with the aforesaid provisions, an analysis of billing data of five billing cycles (January 2022 to September 2022) was carried out by Audit. The analysis revealed that 32,041 consumers had continuously exceeded the contracted load in the five billing cycles. Accordingly, UPCL was required to enhance their contracted load *w.e.f.* sixth billing cycle *i.e.* October 2022. However, UPCL did not take any action in this regard, which resulted in loss of revenue of ₹ 45.47 lakh per month in respect of demand charges recoverable as per tariff rate. The loss of revenue was worked to ₹ 5.00²³ crore till August 2023.

The Management, while accepting the Audit observations, stated (November 2024) that Covid-19 pandemic was among the reasons for delay in implementation of the said provisions. However, it implemented the said provisions and enhanced contracted load of 1.34 lakh consumers (with corresponding load of 211 MW) and also raised/ billed, an amount of ₹ 10.83 crore on account of additional Security Deposit.

(vii) Contracted load violations by other than domestic consumers

Clause 5.2.3 (1) of the UERC (Supply Code) Regulations 2020 read with the Tariff Orders, provided for **Excess Load/ Demand Penalty** on other than domestic consumers as twice the normal rate of fixed charges which were chargeable only for the month in which MD²⁴ exceeds the contracted load.

Further, Clause 5.2.3 (2) of the UERC (Supply Code) Regulations, 2020 stated that where the MD exceeds the contracted load for three consecutive billing cycles, a notice along with third bill shall be served to the consumer informing him either to restrict the load within the contracted load or apply for additional load, failing which, charges for such excess load/ demand shall be twice the charges for **Excess Load/ Demand Penalty violation as per Clause 5.2.3 (1) above** read with the Tariff Order *i.e.* effectively four times the normal fixed charges fixed by the UERC.

The said provisions of the Regulations could serve as an important tool to deal with the cases of consumers violating their contracted load continuously but reluctant to enhance their contracted load. However, these provisions were implemented in December 2023 with a delay of more than three years.

Audit analysed billing data of the 43 industrial consumers who violated their contracted load, on test-check basis, and worked out non-levy of excess load demand penalty of ₹ 1.59 crore (**Appendix-4.5**) during the period June 2021 to November 2023.

²³ ₹ 45.47 lakh x 11 months (October 2022 to August 2023).

²⁴ As per Paragraph 1.2 (ii) of the UERC (Supply Code) Regulations, 2020 “Maximum Demand” refers to the Maximum Demand in kW or kVA, as the case may be, shall mean an average kW or kVA supplied during consecutive 30/15 minutes (depending upon the type of meter being used) period of maximum use where such meter with the features of reading the maximum demand in kW or kVA directly, has been provided.

The Management, while citing Covid-19 and different interpretations of penalty provisions requiring clarification from the UERC, as the reasons for delay in implementation of said provisions, stated (November 2024) that it implemented the provisions of excess demand penalty of four times *w.e.f.* December 2023 and raised excess demand charges to the tune of ₹ 40.85 crore (recovered ₹ 27.93 crore) from the load violating other than domestic consumers (August 2024).

Audit is of the view that such revenue-related matter should have been prioritised by the Management by seeking necessary clarifications, if any, from the UERC well in time.

(viii) Inadequate periodical inspection/ testing and calibration of the meters

Clause 5.1.3 of the UERC (Supply Code) Regulations 2020 provides that UPCL shall conduct periodical physical inspection/ testing and calibration of the meters. Accordingly, all the HT meters (including inspection/ testing/ calibration) and LT meters were eligible for checking every year and once in every five years respectively. Audit noticed that the number of checks carried out by UPCL during 2021-22 to 2023-24 were inadequate and that it did not institute any IT based mechanism to monitor and verify the periodicity of checking of a particular meter. However, UPCL had set out (May 2019) internal targets of checking, inspection of meters and study of consumers for the field Units as detailed in *Appendix-4.6*. The year-wise consolidated targets and checking are tabulated below:

Table-4.12: Checking targets *vis-à-vis* Achievements

Year	Internal Targets	Checking	Percentage of checking	FIR against Theft	Assessment (₹ in crore)	Recovery (₹ in crore)	Percentage of Recovery
2021-22	60,120	16,040	26.68	3,695	37.43	2.02	5.40
2022-23	60,480	21,962	36.31	5,250	50.40	28.22	55.99
2023-24	61,320	19,823	32.33	3,576	18.42	3.92	21.28
Total	1,81,920	57,825	31.78	12,521	106.25	34.16	32.15

Source: information provided by UPCL.

As depicted above, the number of meters checked by the UPCL field officials was short of their targets assigned by the Management and remained 31.78 *per cent* only during 2021-22 to 2023-24. The recovery against the corresponding assessments also remained at 32.15 *per cent* only. The number of meters checked was grossly inadequate when compared to the targets.

As the purpose of these checking/ study of meters is a Regulatory requirement and to ensure prevention / detection of electricity theft, accurate billing, improve safety, and reduce losses, it was essential for UPCL to ensure that required number of meters/connections are checked and a database of all such checking (internally or through outsourced agencies) is maintained.

The checking/ testing targets (May 2019) *inter alia* included study of all the meters having Contracted load 500 KVA to 1000 KVA and Contracted load above 1000 KVA at least once every year. However, no such study of consumers was found on records during the course of Audit.

While accepting the audit observation, the Management stated (November 2024) that it had engaged outsourced agencies for periodic testing and checking of meters. The Management also stated that, apart from issuing instructions to the field offices, a dedicated Monitoring Cell has been established for regular review and monitoring of checking status, revenue assessment and realisation. Further, tenders for checking of 3937 HT meters have been floated and checking of the meters is being done as per the available manpower and time.

4.1.8.2 Revenue Realisation related findings

Clause 6.1 of the UERC (Supply Code) Regulations, 2020 empowers UPCL to safeguard its financial interest against the defaulting customers by disconnecting power supply on temporary basis in case dues are not paid by the consumers within 15 days of the bill-cum-disconnection notice (*i.e.* electricity bill) sent in regular course. Further, in case, dues are not paid within six months of date of temporary disconnection (TD), permanent disconnection (PD) shall be done by removing the meter and equipment installed in the consumers' premises, and the dues shall be recovered through Revenue Recovery Certificates (RRCs) by forwarding the same to the District Authorities for realisation as arrears of land revenue. The status of arrears for the year 2021-22 to 2023-24 is given in **Table-4.13** below:

Table-4.13: Details of Outstanding Electricity Dues

		(₹ in crore)		
Sl. No.	Particulars/ Years	2021-22	2022-23	2023-24
1	Opening Balance	2258.15	2297.48	2201.13 ²⁵
2	Revenue Billed	7838.63	8911.79	9990.86
3	Total recoverable dues (1+2)	10096.78	11209.27	12191.99
4	Dues Realised	7692.58	8821.75	9904.86
5	Dues waived off	106.72	185.99	38.50
6	Balance at the end of the year (3-4-5)	2297.48	2201.53	2248.63

Source: Information provided by UPCL.

The detailed audit findings on revenue realisation and collection efficiency are discussed in the succeeding paragraphs:

(i) Collection Efficiency Ratio

The Collection Efficiency Ratio²⁶ (CER) represents the efficiency and effectiveness of the dues recovery processes of the entity on a periodic basis. With respect to the DISCOMs, a higher ratio represents that there are well-established procedures for recovery mechanisms and sales of the DISCOMs are being channeled through metered connections. On the contrary, a lower ratio represents a lenient approach in recovering the dues from the consumers and lack of stringent measures to deal with the defaulting consumers.

²⁵ There was an adjustment of ₹ 0.40 crore in the commercial dairy in RTS-4.

²⁶ Working of Collection Efficiency Ratio as formulated by UERC in Tariff order 2022-23= Realisation of (Current Assessment + Arrears) / Current Assessment.

Audit noticed that the overall achievement of CER at the UPCL level was closer to the prescribed yearly targets of Collection Efficiency as depicted in **Chart-4.7**. However, an analysis revealed that 44 per cent to 67 per cent of total EDDs (excluding those situated in hilly areas) could not achieve the prescribed targets of 99.15 per cent during 2021-22 to 2023-24. The details of collection efficiency targets not achieved by the EDDs are given in **Table-4.14** below:

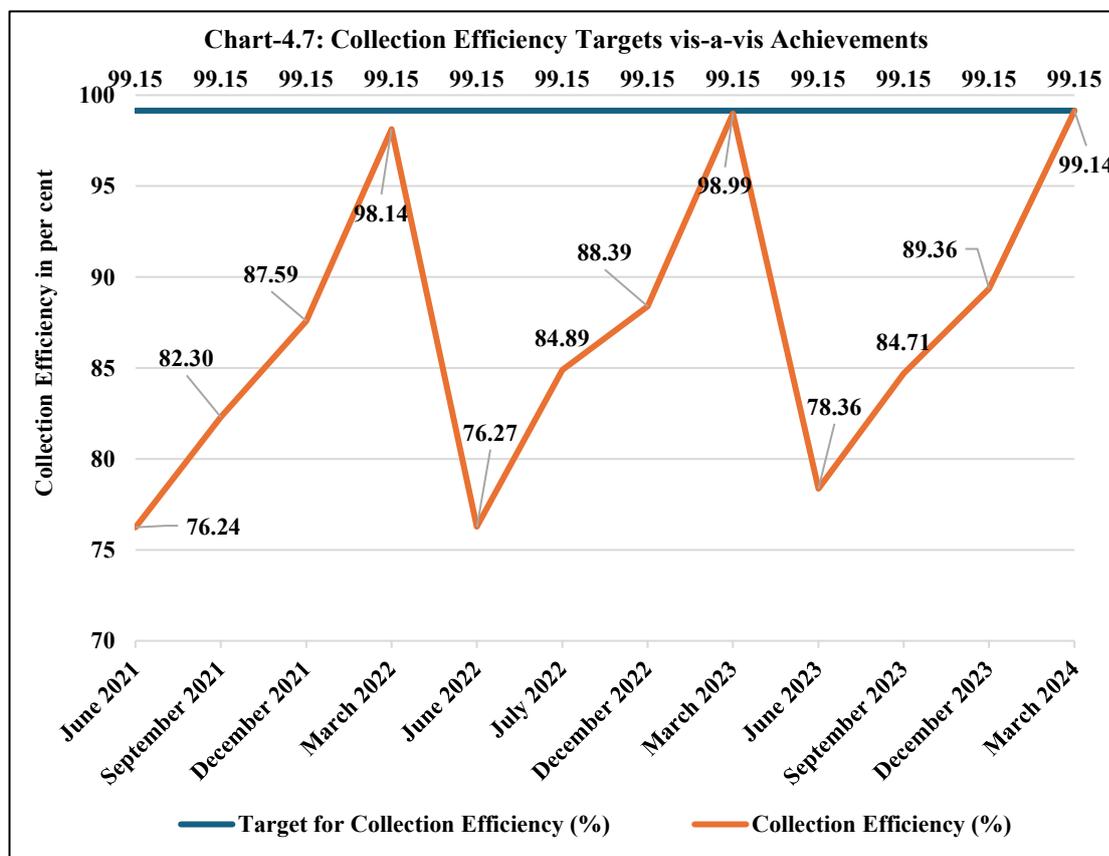
Table-4.14: Statement of non-achievement of Collection Efficiency Targets

Year	No. of EDDs which could not achieve targets / Total EDDs (other than hilly areas)	Top five EDDs and their CER (in per cent)
2021-22	18 / 27	Vikasnagar (87.45), Haldwani Urban (91.71), Haridwar-Urban (93.98), Roorkee-Urban (94.17) Rudrapur-II (94.19).
2022-23	12 / 27	Laksar (83.87), Central-Dehradun (91.21), Roorkee-Urban (92.79), Rudrapur-II (93.62), Haldwani Urban (93.93).
2023-24	15 / 28	Laksar (84.33), Vikasnagar (94.84), Ramnagar Roorkee (94.04), Jwalapur (94.19), Haldwani Urban (95.28).

Source: Information provided by UPCL.

It may be seen from the above Table that during the year 2023-24, 15 EDDs were not able to meet collection targets (including EDD Laksar, and EDD Haldwani Urban which were not able to meet the targets in previous years also).

Further, quarter-wise analysis of targets *vis-à-vis* achievements there-against during the year 2021-22 to 2023-24 is depicted in the **Chart-4.7** below:



Source: Information provided by UPCL.

It may be seen that CER has been lower than the targets and on a cyclical basis, which has been close to the targets during the year end in each of the years 2021-22 to 2023-24. This was especially due to revenue collection drives carried out by the EDDs during last quarter of the aforesaid financial years.

The Management stated (November 2024) that revenue realisation camps were being organised. The digital and print media were being used to create awareness among consumers regarding digital /online payment methods.

(ii) Poor Collection Efficiency during the initial months of the year

Records revealed a general trend of poor collection in the initial months of the financial year, which gradually increased in the latter part of the year. Top five EDDs with poor monthly CER during the first six months of the year 2021-22 to 2023-24, are given in (Appendix-4.7) and summarised in Table-4.15 below:

Table-4.15: EDDs with poor collection efficiency during the initial six months of the year

(in per cent)

Sl. No.	Name of Divisions	Range of CER during the period April to September		
		2021-22	2022-23	2023-24
1	Vikasnagar	38.82 - 68.74	49.19 - 78.88	50.65 - 69.09
2	Haldwani (Urban)	31.46 - 55.58	39.28 - 62.77	41.08 - 65.05
3	Ramnagar (Roorkee)	49.63 - 74.68	45.00 -74.97	43.86- 77.12
4	Roorkee (Urban)	34.97 -72.28	55.52 - 76.80	55.52 - 77.07
5	Haldwani (Rural)	30.35- 68.87	42.69 - 82.80	47.82 - 79.33

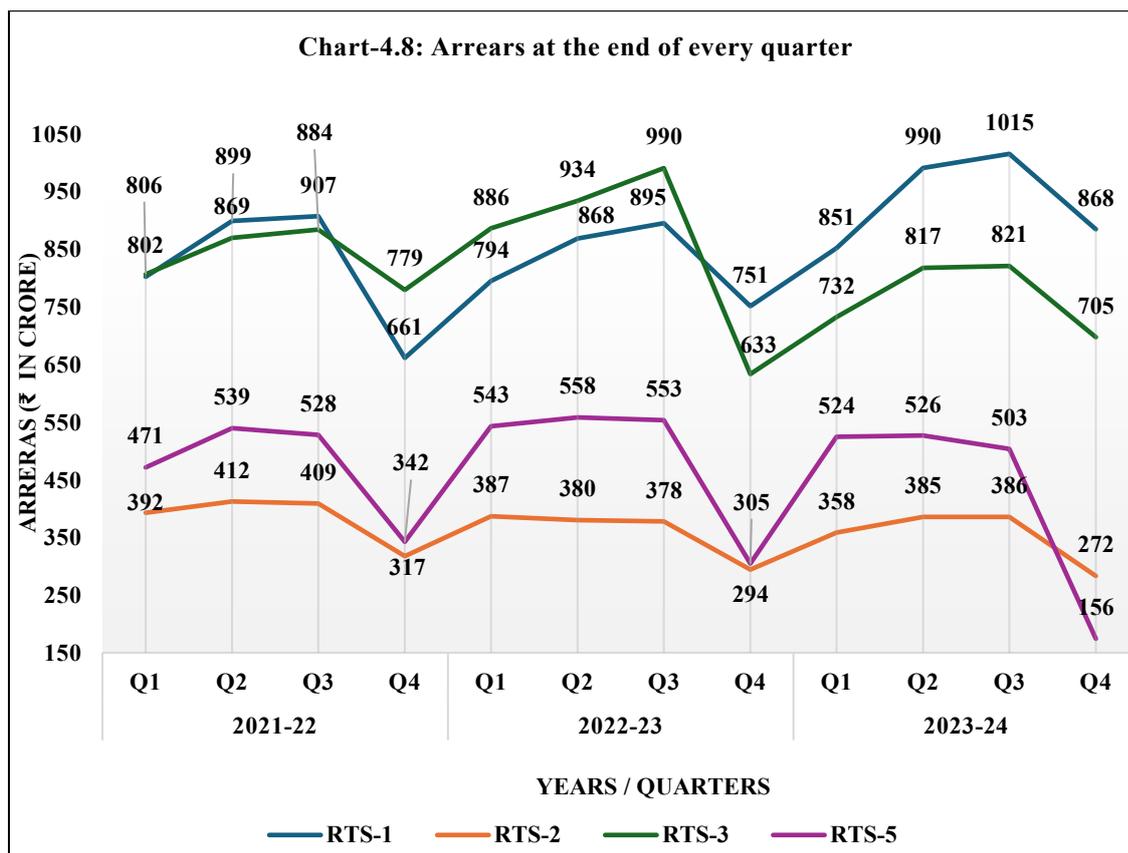
Source: information provided by UPCL.

The UERC, in its order (31 March 2022) on Multi-Year Tariff for the year 2022-23 to 2024-25, has also expressed concern towards poor collection efficiency during the initial six months of the year and sought an action plan for the same from the UPCL. In this regard, on the further directions (March 2024) of the UERC, UPCL constituted (September 2024) a Committee of Directors for reviewing and monitoring the division wise collection and loss reduction performance and suggesting measures to improve these parameters.

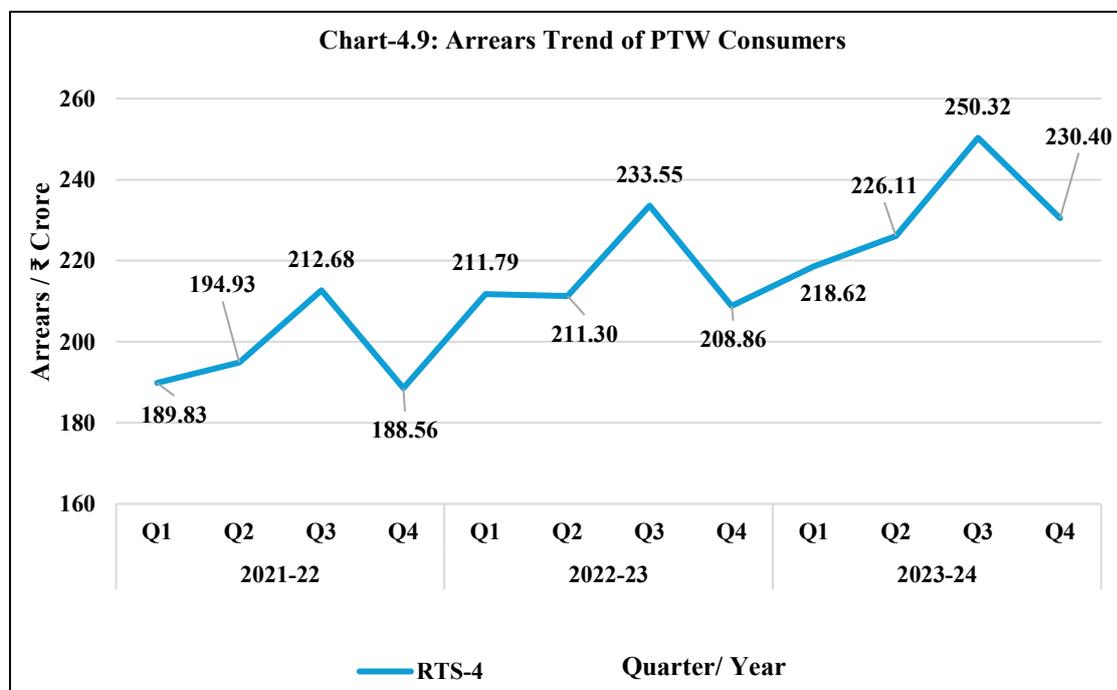
(iii) Trend Analysis of Revenue Realisation and Arrears

The trend analysis of the revenue realisation²⁷ indicated that the outstanding dues/ arrears were minimum at the end of the last quarter of the financial year 2021-22 and 2022-23, which rose gradually & steadily for the rest of the three quarters and again dipped in the fourth quarter as detailed in Appendix-4.8 and depicted in Chart-4.8 below:

²⁷ Relating to consumers (RTS-1, RTS-2, RTS-3, RTS-4 and RTS-5).



It can be seen that the arrears against the RTS-4 (Private Tube Wells) have been on an increasing trend (₹ 189.93 crore to ₹ 230.40 crore), indicating an increase of 21 per cent during 2021-22 to 2023-24 as depicted in **Chart-4.9** below:



Source: Information provided by UPCL.

The above also indicated that the revenue realisation from PTW consumers was not being done effectively.

The Management stated (November 2024) that weekly review meetings were being conducted to monitor the cash inflow and subsequently the connections of defaulter consumers were being disconnected and processed under Land Revenue Act, 1958 while issuing notices under Section-3 and Section-5. It was also stated that an interface named MD Dashboard had been developed to regularly review and monitor various commercial parameters like Revenue Realisation, Billing Efficiency, AT&C loss etc. at division and circle level.

(iv) Arrears exceeding the Security Deposit by ₹ 769.10 crore

Clause 6.1 of the UERC (Supply Code) Regulations, 2020 provides for disconnection of power supply to the consumers in case of default of dues within the permissible time, or extended time. Further, Clause 4.2 of the said Regulations requires UPCL to review the consumption pattern of the consumers in April every year for the adequacy of the security deposit (SD²⁸) and to work out the Additional Security Deposit (ASD) required from the consumers based on the consumption during the previous year. Any default in payment of dues on account of ASD is to be treated as non-payment of licensee's dues rendering the consumer liable for TD followed by PD after due notice. Accordingly, UPCL was required to take timely action for disconnection of the defaulted consumers to avoid accumulation of dues. Further, as per the prudent financial management, such dues should not be allowed to accumulate beyond the available SD.

Audit observed that UPCL did not take timely action for disconnection of the defaulted consumers and, in turn, allowed the consumers to accumulate their dues, in contravention to the provisions of Clause 6.1. An analysis of outstanding dues (above ₹ 5,000 consumer) revealed that, in respect of 2.87 lakh consumers, the arrears also exceeded SD available with UPCL. The category-wise details of such consumers are given in **Table-4.16** below:

Table-4.16: Statement of outstanding dues exceeding Security Deposit

RTS	No. of (live) consumers	Amount (₹ in crore)		
		Outstanding dues	Available SD	Outstanding dues over & above SD
RTS-1 (incl. 1A): Domestic consumers	2,34,780	577.32	17.52	559.80
RTS-2: Non-Domestic Consumers	33,025	113.28	11.29	101.99
RTS-4 (incl. 4A): Private Tube Wells	1,81,64	77.07	1.69	75.38
RTS-5²⁹: Industries	913	44.82	12.89	31.93
Total	2,86,882	812.49	43.39	769.10

Source: Information provided by UPCL.

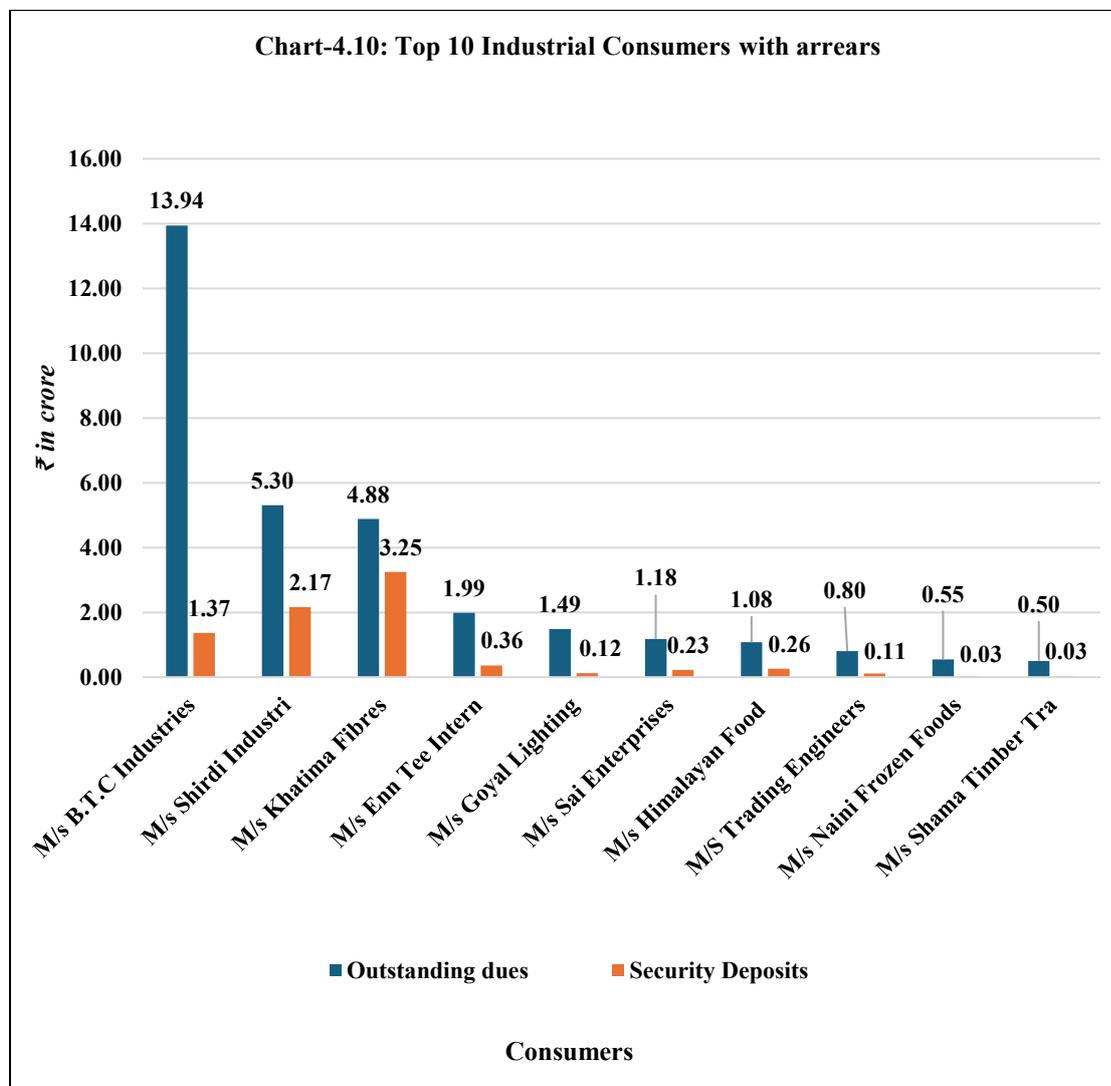
Thus, it may be seen that lack of timely action by UPCL led to accumulation of the dues by ₹ 812.49 crore. Since the outstanding dues exceeded the available SD by

²⁸ A consumer is required to maintain a sum equivalent of estimated average consumption of N+1 months of previous financial year or the existing SD whichever is higher. Here, N is number of months in a billing cycle approved in the Tariff Order.

²⁹ erstwhile RTS-7.

₹ 769.10 crore, this exposed UPCL to the significant financial risks, as discussed in the succeeding paragraphs.

Further, analysis of RTS-5 (erstwhile RTS-7) i.e. industrial consumers revealed that 74.48 per cent of the arrears (₹ 23.78 crore) were represented by top 10 (out of 913) consumers. as depicted in **Chart-4.10** below:



The above analysis indicates that recovery from the defaulters had not been monitored diligently by the EDDs and their higher offices including Circles/ Zonal offices and the UPCL Headquarters. As a result, the arrears have exceeded the amount of SD available with UPCL. A few cases of defaulters are discussed below:

Audit scrutiny revealed that:

- Industrial consumer M/s Uttaranchal Iron & Spat Ltd. (USIL) (connection no. KT0K00000909) was allowed to accumulate the electricity dues and exceed them over and above the amount of security deposit (SD: ₹ 1.07 crore) available with UPCL. The arrears were accumulated to ₹ 5.06 crore (July 2019), and rose to ₹ 7.62 crore (January 2020), and stood at ₹ 6.71 crore (March 2023).

- Despite continuous defaults/ partial payments against the dues, M/s USIL was allowed to pay the arrears through instalment facilities seven times one after another during the period April 2016 to July 2022. The details of instalment facilities granted during the years 2019-20 to 2022-23 are given in **Table-4.17** below:

Table-4.17: Statement of instalment facilities granted to M/s USIL

Year	Date of granting facility	Instalment facility Amount (₹ in crore)	No. of installment allowed	Status/ Arrears (31 March 2024)
2019-20	21-01-2020	6.35	12	Industrial Unit Closed in February 2024. Arrears: ₹ 8.12 crore
2021-22	19-06-2021	9.51	24	
2022-23	20-07-2022	5.7	29	

- Audit raised the issue of defaults of dues by M/s USIL through the Inspection Reports in July 2018, September 2021 and thereafter in April 2023. However, the consumer was allowed to continue with partial payments/ defaults and no strict action was taken as per the Regulations.
- The power supply to the consumer was disconnected temporarily for about 10 times (last TD in January 2024 at the dues of ₹ 8.12 crore). However, the supply was restored without recovering the full amount of arrears.
- The premises of the consumer were taken in possession by the Indian Overseas Bank (IOB) against the dues of ₹ 32.73 crore and process of auction was underway (February 2024).

In view of the seizure of the premises by the IOB and the premises falling in the SIDCUL area, the chances of recovery of UPCL dues (₹ 8.12 crore) are extremely remote.

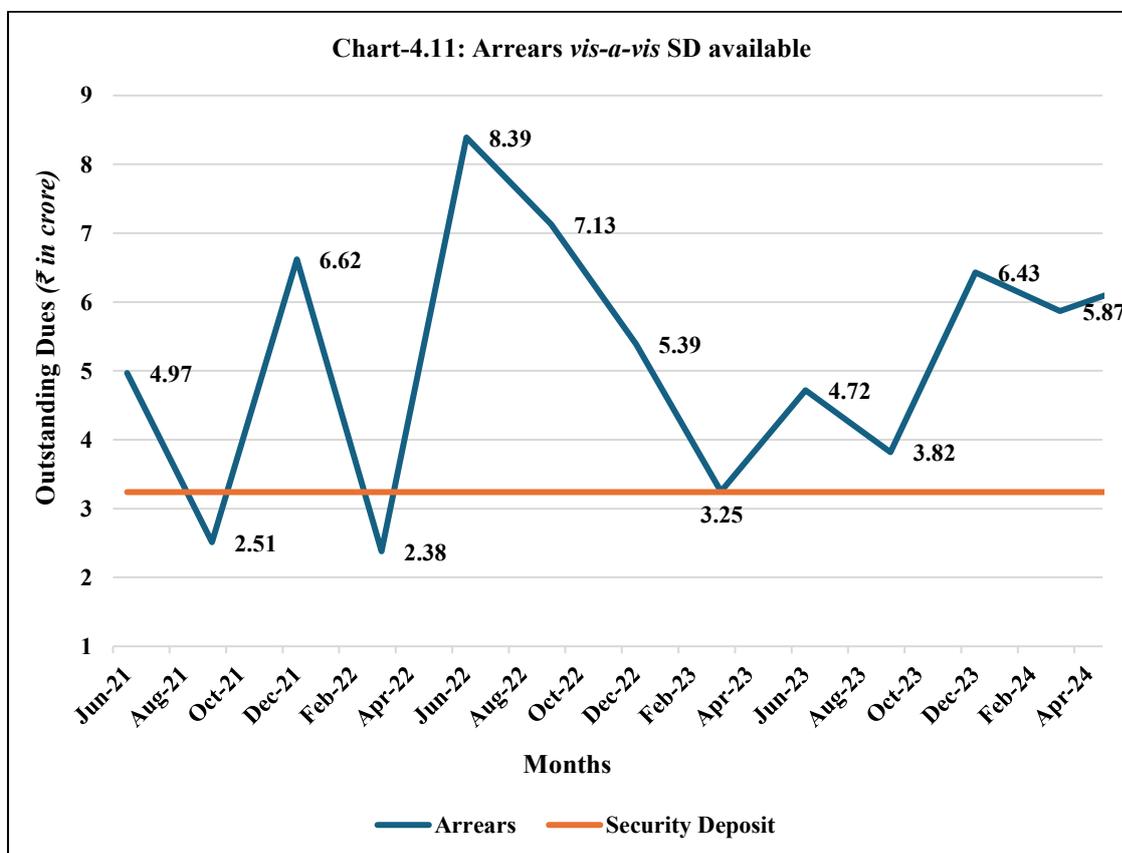
In another instance, it was noticed that:

- Industrial consumer M/s Khatima Fibers Ltd (connection No. KH0K000003327) was allowed to accumulate electricity dues beyond the Security Deposit. The dues were accumulated to ₹ 6.99 crore (October 2019), rose to ₹ 8.66 crore (July 2022) and stood at ₹ 5.87 crore (March 2024).
- The consumer was facilitated with instalments facilities eight times during the period June 2017 to July 2022. The details of instalment facilities granted during the years 2021-22 to 2023-24 are given in **Table-4.18** below:

Table-4.18: Statement of installment facilities granted to M/s Kahtima Fibers Ltd.

Year	Date of granting facility	Instalment facility Amount (₹ in crore)	No. of installment allowed	Status/ Arrears (31 March 2024)
2021-22	27-05-2021	4.32	6	Consumer has been under CIRP ³⁰ since October 2023. Arrears: ₹ 5.87 crore
	28-12-2021	2.09	4	
2022-23	08-07-2022	6.45	10	

- Audit raised the issue of defaults by M/s Khatima Fibers Ltd. through the Inspection Report in April 2023. However, no strict action was taken as per the Regulations against the consumer.
- The trajectory of arrears, SD available and instalments in respect of M/s Katima Fibers Ltd. during the period 2021-22 to 2023-24 is depicted in **Chart-4.11** below:



- Subsequently, UPCL learned that the consumer was brought (22 October 2023) to the Corporate Insolvency Resolution Process (CIRP) under the Insolvency & Bankruptcy Code 2016 by the financial creditors/ lenders. As a result, UPCL revenue to the extent of ₹ 4.65 crore (as pre-CIRP dues) got stuck with CIRP

³⁰ Corporate Insolvency Resolution Process.

process indicating negligible³¹ chances of recovery. Overall dues stood at ₹ 7.63 crore (31 March 2025).

Therefore, it is evident that allowing arrears to swell beyond the security deposit and benefiting the above consumers with the installment facilities multiple times was against the financial and commercial interest of UPCL.

The Management, while accepting the audit observation, stated (June 2024 and November 2024) that all the field units had been directed to identify all such connections where arrears have surpassed their Security Deposit available with UPCL

and act against them as per the Regulations.

Recent developments towards recovery of ASD

Earlier in January-February 2023, the matter of non-recovery of ASD was also pointed out by Audit, forming part of Inspection Report issued to UPCL in April 2023.

On the petition filed (March 2023) by UPCL, the UERC allowed (November 2023) UPCL to recover the dues towards ASD in maximum 12 equated monthly instalments by adding the amount of outstanding ASD in the monthly electricity bill, resulting in robust recoveries from April 2024.

The Management stated (November 2024) that UPCL recovered/ adjusted in bills ₹ 181.08 crore in FY 2024-25 (till October 2024) towards ASD.

Management's action towards recovery of ASD is acknowledged. However, the directions issued by the UPCL earlier, had not yielded the intended results, as observed in the cases of industrial consumers M/s USIL and M/s Khatima Fibers Ltd., where substantial revenue had become irrecoverable. In addition, no alerts have been created in the

billing system to facilitate senior management in reviewing such cases on a regular basis.

(v) Loss of ₹ 0.37 crore due to wrong claim of post-CIRP dues

The arrears against the electricity consumers, brought to the CIRP by the creditors/lenders under the Insolvency and Bankruptcy Code (IB Code) 2016 are dealt with Section 53 of the Code which, inter alia, provides for a waterfall mechanism³² detailing the order and priority of distribution of proceeds from sale/ liquidation of a corporate person.

Since the operational creditors are accorded lower priority in the distribution mechanism, chances of recovery of anything towards the electricity dues are negligible.

Section 5(13) read with Section 14(2) and Section 14(2A) of the IB Code, *inter alia*, defines CIRP cost as any costs incurred by the resolution professional (IRP/RP) in running the business of the Corporate Debtor (CD) (*in UPCL context, the electricity consumer who has been brought under the insolvency process and represented by the*

³¹ The pre-CIRP electricity dues fall quite lower in the waterfall mechanism of distribution of proceeds from insolvency process, the possibility of recovery of the same was remote.

³² Priority: 1st: IRP Cost, 2nd: workmen's dues-24 months & debts owed to a secured creditor, 3rd: wages of employees-12 months, 4th: financial debts-unsecured creditor, 5th: Govt dues, and 6th: remaining debts including operational creditors, followed by 7th: shareholders.

IRP/RP) as a going concern, and that the supply of essential goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such CD has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

Accordingly, post CIRP electricity dues are recoverable from the concerned IRP/RP.

An industrial consumer namely M/s Pallet Energy System (P) Limited (connection number BH0K0000026612) under jurisdiction of the EDD Bhagwanpur was under CIRP process *w.e.f.* 20 July 2018. Accordingly, an Interim Resolution Professional (IRP) was appointed to look after the day-to-day operations of the CD. The PD of the supply of the consumer was done on 24 September 2022.

The IRP/RP sought information relating to the post-CIRP dues from UPCL, accordingly, UPCL worked out total recoverable dues of ₹ 2.82 crore (₹ 0.37 crore pertaining to the pre-CIRP period and ₹ 2.45 crore as post-CIRP period) against which security deposit of ₹ 0.43 crore was already available with UPCL. However, it claimed ₹ 2.02 crore only as post-CIRP dues after adjusting the available security deposit of ₹ 0.43 crore from the post-CIRP dues.

Audit observed that the available security deposit of ₹ 0.43 crore was required to be adjusted first towards dues of 0.37 crore of pre-CIRP period and the balance of ₹ 0.6 crore should have been adjusted to the post-CIRP dues of ₹ 2.45 crore. Hence, ₹ 2.39 crore should have been demanded from the IRP/RP.

Accordingly, the post-CIRP dues of ₹ 2.02 crore as claimed by UPCL were paid (May 2023) by the IRP. Thus, due to incorrect adjustment of available SD, UPCL suffered a loss of ₹ 0.37 crore.

The Management stated (November 2024) that a committee consisting of three members had been constituted to review the case and submit the enquiry report for taking further necessary action.

The outcome/ enquiry report of the Committee was awaited.

(vi) Granting instalment facilities to consumers without due diligence

As per the revised internal policy framed (May 2017) by UPCL for granting the instalment facility to the consumers having pending electricity dues owing to their special circumstances, the consumers were to be allowed to pay their dues in maximum 12 instalments. The terms of granting instalment facility, *inter alia*, provided that, in case of default in payment of the instalments, the facility of paying the dues in instalments was to be terminated immediately.

However, there were six instances (including consumers, M/s Uttaranchal Iron & Ispat Ltd. KT0K000000909, and M/s Khatima Fibers Ltd. # KH0K000003327, as discussed in the preceding paragraph, where the industrial consumers were granted the instalment facility more than once. The issue of granting instalment facilities multiple times without due diligence, was raised by Audit through Inspection Report (April 2023) and again followed up during the course of this SSCA.

On being pointed out by Audit, UPCL formulated (January 2024) due-diligence process to be followed while granting instalment facility. The revised policy, *inter alia*, requires the consumers to give Bank Guarantee equivalent to the amount for which installment facility has been sought to minimise the risk and avoid any loss to Corporation.

The Management stated (November 2024) that the policy was placed before the BoD for ratification, however, the BoD directed to re-frame the mechanism to consider other security options also such as, opening of Escrow Bank Accounts and taking Post-dated cheques from consumers with arrears requesting for installment facility. The same is under deliberation before the Management and shall be placed before the BoD in the upcoming BoD meeting.

The Management action towards framing the due diligence process/ mechanism for granting instalment facilities is acknowledged. However, the said mechanism was yet to be ratified by the BoD (January 2025).

(vii) Poor realisation against Revenue Recovery Certificates

UPCL has been mandated to issue notice for recovery of dues under Section-3 of the *Uttarakhand {Uttar Pradesh Government Electricity Undertaking (Dues Recovery) Act, 1958} Adaptation and Modification Order-2002*, followed by forwarding the RRCs to the District Authorities under Section-5 of the said *Order*, for recovery of dues from the defaulting consumers as land revenue.

Details of RRCs issued under Section-5 and realisation of revenue there against during the period 2021-22 to 2023-24 are given in **Table-4.19** below:

Table-4.19: Realisation against Recovery Certificates

Particulars/ Year	Mode of RRC	2021-22	2022-23	2023-24	Total
RRCs issued (Nos.)	Offline	5467	5036	5376	15879
	Online	3041	6895	5393	15329
	Total	8,508	11,931	10,769	31208
Recoverable Dues (₹ In Crore)	Offline	15.66	21.6	19.75	57.01
	Online	8.49	49.47	30.36	88.32
	Total	24.15	71.07	50.11	145.33
Recovered till March 2024 (₹ In Crore)	Offline	1.2	1.62	0.65	3.47
	Online	0.86	5.84	3.68	10.38
	Total	2.06	7.46	4.33	13.85
Per cent recovery	Offline	7.66	7.5	3.29	6.09
	Online	10.13	11.81	12.12	11.75
	Total	8.53	10.5	8.64	9.53

Source: Information provided by UPCL.

It is evident from the **Table** that overall recoveries have been quite poor and the same remained 9.53 *per cent* only during the period 2021-22 to 2023-24. It was further noticed that the recovery against the RRCs issued through online mode (*i.e.* billing module) was slightly higher than those issued in offline mode (*i.e.* issued manually).

Other irregularities pertaining to the RRCs are discussed below:

- A total of 4861 RRCs having recoverable dues of ₹ 12.94 crore were returned by the District Authorities citing reasons *viz.* incomplete address, consumer not traceable, address not found *etc.* No mechanism for follow up of these RRCs was in place and the recovery against these RRCs remained pending as of March 2024.
- Similarly, RRCs were issued to 11 PD consumers (**Appendix-4.9**) whose power supply was disconnected during the year 2020-2021 to 2023-24 but arrears amounting to ₹ 1.95 crore were still outstanding (March 2024). Out of these cases, RRCs against two consumers *viz.* M/s Rudra Auto Tech and M/s Windlas Auto were issued for ₹ 1.05 crore and ₹ 0.17 crore respectively. Audit found that these consumers submitted their GST return during the year 2023-24 which indicates that these consumers were still active and therefore, the arrears could have been recovered through effective follow-up.

The Management stated (November 2024) that directions have been issued to all the field units to take up all such matters with the District Authorities to ensure 100 *per cent* recovery against RRCs and to effectively follow-up cases where RRCs have been returned by the District Authorities.

The fact that recovery against more than 90 *per cent* of the RRCs valuing ₹ 131.48 crore (Issued: ₹ 145.33 less Recovered: ₹ 13.85 crore) pertaining to the period 2021-24 was pending, indicates the need for effective implementation of the management's directions.

(viii) Issuing the Revenue Recovery Certificates manually

UPCL issued 15,879 RRCs with revenue involving ₹ 57.01 crore on manual basis (**Table-4.19**) during the period 2021-22 to 2023-24 and the details of these RRCs were not captured subsequently in the billing system for case wise monitoring of the recovery of revenue against these RRCs by the higher management of UPCL.

Audit noticed (May 2024) that EDD-Bhagwanpur reported to UPCL Headquarters that 252 RRCs worth ₹ 2.65 crore were issued during the year 2021-22 on manual basis. However, two RRCs worth ₹ 8.18 crore (₹ 4.75 crore – M/s Kama Metals & ₹ 3.43 crore- M//s Uttaranchal Steel) issued during March 2022 were not reported by EDD-Bhagwanpur to the higher management of UPCL.

On being pointed out by Audit, the Management issued (November 2024) directions to all the field units to issue RRCs through online mode only and send the status of RRCs issued monthly to the UPCL Headquarters. The Management also stated (November 2024) that all the previously issued RRCs would be captured in billing system for monitoring and follow up.

However, status/ progress towards capturing the offline RRCs into the billing system was not provided to Audit (January 2025).

(ix) Delay in permanent disconnection

Clause 6.1 of the UERC (Supply Code) Regulations, 2020 provides for TD of power supply in case the dues are not paid by the consumer within the grace period or any

such extended period. Further, in case, the dues are not paid within six months of TD, the connection is liable for PD and dismantling of the metering infrastructure from the consumer premises, and issue of RRC to the District Authorities for recovery of dues as land revenue.

In this regard, Audit noticed that there were 16,060 consumers (each having arrears > ₹ 1,000), with corresponding total dues of ₹ 80.12 crore (March 2024), as given in **Table-4.20** below:

Table-4.20: Consumers with pending PDs

(₹ in crore)

Months	No. of consumers/ connections	Outstanding dues (31 March 2024)	SD available	Outstanding dues over and above the SD
6-11	1,548	9.47	0.35	9.12
12-17	3,489	15.74	1.49	14.25
18-24	1,909	11.46	0.38	11.08
>24	9,114	43.45	1.33	42.12
Total	16,060	80.12	3.55	76.57

Source: Information provided by UPCL.

It can be seen that out of 16,060 connections, PD of 14,512 connections with corresponding arrears of ₹ 70.66 crore was pending for 12 months and more. This was in violation of the Regulatory provisions mentioned above, and against the financial interest of UPCL.

The Management stated (November 2024) that it was taking utmost care to recover all types of dues from all consumers and was in process of developing a mechanism to monitor the cases of TD and PD at central level to recover the dues timely, and instructions had been issued to all the field units in this regard.

Audit noticed that the mechanism to monitor the cases of TD and PD at central level and to recover the dues timely was yet to be developed (January 2025).

(x) Disposal of Not billed /Stop Billed connections

The Not billed (NB)/ Stop Billed (SB) are the consumers in respect of whom further bills are not generated or further billing has been stopped. There were 1,61,580 NB/SB connections as of 31 March 2021. The UERC, vide its Tariff Orders (April 2020), directed UPCL to liquidate and finalise at least five *per cent* of the NB/SB cases in each quarter. However, there has been little progress, and the numbers reduced from 1,61,580 (March 2021) to 1,30,362 (March 2024) *i.e.* 19 *per cent* only. The outstanding arrears against 1,30,362 NB/SB cases as of 31 March 2024 stood at ₹ 441.63 crore.

The matter of realisation of dues against NB/SB connections was also raised by the Audit Committee of UPCL in its 71st, 72nd and 77th meetings held on 20 May 2022, 10 June 2022 and 12 December 2022 respectively, and it had shown displeasure over the slow progress in disposal of the NB/SB cases.

The Management stated (November 2024) that because of its efforts, the number of NB/SB cases was brought down to 1,06,489 with dues amounting to ₹ 355.29 crore

(up to November 2024) and regular exercise was also being done to reduce them further by the dedicated Monitoring Cell.

4.1.8.3 Issues related to Internal Control and Monitoring Mechanism

Internal control is *a process, effected by an entity's BoD, Management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.*

Further, the Monitoring activities envisage the exercise of day-to-day oversight and a periodic assessment of performance of the assigned duties and responsibilities by the higher management.

Audit noticed cases indicating weak internal control and monitoring by UPCL management which led to higher distribution losses in certain EDCs/EDDs and ineffective realisation of revenue, in particular, the arrears of dues, non-compliance with the provision of UERC (Supply Code) Regulations, 2020 and complaints to the CGRF and Electricity Ombudsman by the consumers, resulting in loss of potential revenue as discussed in *paragraphs-4.1.8.1* and *4.1.8.2*. Further, the cases attributable to weak internal control and monitoring are also discussed in the succeeding paragraphs:

(i) Repeated violation of the regulatory and legal provisions by UPCL officers/officials

Review of the CGRF and the Electricity Ombudsman orders issued during February 2022 to July 2023 on the consumer grievances indicated that there were repeated mistakes/ violations of the provisions of the Electricity Act, 2003, the UERC Tariff Orders and other relevant UERC Regulations, committed by the field officers of UPCL.

The Electricity Ombudsman through, the judgements/ orders on the consumer grievances, as well as various communications during the year 2021-22 and 2022-23 to the Managing Director of UPCL, Additional Chief Secretary (Energy) and Additional Chief Secretary to the Hon'ble Chief Minister expressed its concern on the repeated mistakes/ violations and impressed upon that these mistakes/ violations by the UPCL officers were detrimental to UPCL interest, and contrary to the protection of justified interest of the consumers.

Analysis of the Ombudsman orders/ communications (*Appendix-4.4*) indicated the need of having a detailed internal Guidelines/ Standard Operating Procedures (SOPs) and conducting trainings/workshops at regular intervals on all the processes and procedures, to be adopted and adhered to by the UPCL's sub-ordinate offices in the field operations. This could help for effective monitoring and supervision by the higher Management and minimise the consumer grievances.

The Management stated (November 2024) that the electricity distribution business, these days, is regulated by the CERC/ SERC and these Commissions issue Regulations/ Orders on consumer related service matters. Presently, UERC (Supply Code) Regulation, 2020 and UERC (Standard of Performance) Regulations, 2022 are applicable, which cover almost all the consumers' related services/matters and detailed

procedures/methodology have been specified dealing with each consumer service. It was also stated that UPCL had circulated these Regulations to its field units and timely compliance of the same is ensured.

The reply is not acceptable, as impact of compliance with the Regulations/Orders was not visible on records as discussed in **paragraph-4.1.8.1**. Further, the Electricity Ombudsman had repeatedly pointed out violation of regulatory provisions. The way UPCL being a DISCOM foresees the challenges in smooth and effective implementation of these Regulations/orders and the manner in which the same are to be dealt with by the field units in different situations, may be institutionalised through the structured internal guidelines / SOPs etc.

(ii) Segregation of recoveries against the internal checkings and Vigilance Cell raids

The meter checkings are performed by the UPCL field officers and through outsourced agencies from time to time. The cases of theft/ unauthorised use of electricity (UUE) and other irregularities found during the checkings are dealt with by lodging FIRs and raising assessments wherever required as discussed in **paragraph-4.1.8.1**.

Similarly, the Vigilance Cell of UPCL also conducts raids based on its plan and inputs from the public. The cases of theft/ UUE detected by the Vigilance Teams are subsequently handed over to the EDD concerned which, in turn, works out the assessment to be raised and ensures recovery as discussed in **paragraph-4.1.8.1**.

Audit noticed that there was no mechanism to segregate the impact/ value of the recoveries against the internal checking and that of the Vigilance Cell. Further, no response was provided by UPCL on the status of the assessments raised by UPCL exclusively out of the Vigilance Cell raids and realisations there against.

Audit is of the view that an IT based system is required to be instituted to track and distinguish the checking by the UPCL field officers/ through outsourced agencies, and the raids by the Vigilance Cell and to monitor the recoveries there against.

(iii) Levy of penalty for delay in release of new service connections

To ensure timely processing and release of new service connection (NSC), Clause 3.3.3 (17) of the UERC (Supply Code) Regulations, 2020 prescribes penalty³³ payable by UPCL to UERC for delay in release of NSC.

In this regard, it was noticed that penalty on account of delay in release of LT connections stood at ₹ 7.70 crore for the period from September 2021 to March 2024 against which UPCL deposited ₹ 0.05 crore (up to March 2024) to UERC. Therefore, the net payable penalty remained ₹ 7.65 crore for the said period.

Further scrutiny of records revealed that the UERC rejected UPCL petitions for waiver of LT connections penalty in absence of the recorded reasons for delay in release of NSC and lack of documentary evidence. Further, the Director (Operations), UPCL instructed (September 2022) the field units to provide reasons of delay and emphasized

³³ If the Licensee fails to provide new (LT) connection to an Applicant within the period specified, he shall be liable to pay penalty @ ₹5 per ₹ 1000 (or part thereof) of the amount deposited by the Applicant subject to a maximum of ₹1000 for each day of default.

to recover the penalties from the concerned officers responsible for non- excusable delay. However, no progress was noticed, and such penalty amounted to ₹ 3.92 crore during the year 2023-24.

The Management stated (November 2024) that delays in NSC were due to Right of Way, land disputes, and delayed fee payments *etc.* and that field officers were directed (May 2024) to comply with the prescribed time limits and maintain records of reasons for delay.

Audit observed that the reasons of delays were not documented, and as a result, UPCL continued to suffer penalties against delay in release of new service connections.

(iv) Deployment of surplus/ deficient manpower in certain field units

The Sanctioned Strength (SS) of the Human Resources of UPCL was approved by GoU in a piecemeal from time-to-time up to the year 2016. Accordingly, against the SS of 8,579 officers/ officials, the UPCL Men-In-Position (MIP) stood at 2,443 officers/officials. Further, 3685 personnel were engaged (31 March 2024) from Uttarakhand Purv Sainik Kalyan Nigam Limited and Self Help Groups (November 2023) and field units also engaged outsourced/contractual manpower for day to day maintenance activities.

Records revealed that:

- The SS in respect of number of newly/ recently created Units { e.g. EDD Nainidanda, EDD Dharchula, EDD Jwalapur, EDD Kiccha, EDD Ramnagar (Roorkee), EDD Doiwala, EDD Mohanpur, EDD Rural Roorkee, EDD Rudrapur II, EDD Bhagwanpur and Chief Engineer (Distribution)-Haridwar Zone} were marked Nil which indicates that SS of these Units was yet to be determined.
- There was overstaffing /surplus officers/officials in 11 Units located mostly in urban areas, with a total of 68 officials (including AEs-06 and JEs-43) (***Appendix-4.10***) including posting of 17 JEs against sanctioned strength of 7 JEs in ETD Urban Dehradun. Further, four Units mostly located in hilly/ rural areas had shortfall of 59 officials (***Appendix-4.11***) (including AEs-02 and JEs-31).

The Management accepted the audit observation and stated (November 2024) that a Committee had been constituted to study the approved manpower/staff structure in UPCL, and the concerned Chief Engineers (Distribution) have been requested to prepare a suitable proposal for rationalization and proper deployment of surplus manpower as per the sanctioned strength & work requirement and assess the shortage of personnel in concerned Zone offices, Circles, Divisions, Sub-Divisions, Test labs, Workshop *etc.*

(v) Inadequate Inspection of Divisions by the Superintending and Chief Engineers

With a view to enhancing the efficiency of working and identifying shortfalls / errors at the initial stages, the Director (Operations), UPCL directed (February 2021) all the Chief Engineers (Distribution) and Superintending Engineers (Distribution) to ensure

inspection of at least one Division under their jurisdiction, every month and provide inspection report to the Corporate Office based on a 20 point criteria contained therein.

Accordingly, as per the MIP, each EDD was required to be inspected once and thrice by the CE and SE respectively in a year. As per the documents provided by UPCL, the details of inspection carried out by the CEs during the period 2021-22 to 2023-24 are given in **Table-4.21** below:

Table-4.21: Statement of Inspection carried out by CEs

Year	Number of EDD	No. of EDDs Inspected	Shortfall in inspection of divisions	Shortfall (per cent)
2021-22	44	16	28	63.64
2022-23	45	7	38	84.44
2023-24	46	9	37	80.43
Total	135	32	103	76.30

Source: information provided by UPCL.

It may be seen from the above Table that during the period 2021-22 to 2023-24, there was a significant shortfall in the inspection of the EDDs by the CEs, which ranged from 64 per cent to 84 per cent during the said period. Further, the details/ records of inspection of EDDs carried out, if any, by the SEs during the period 2021-22 to 2023-24 were not provided to Audit.

The Management stated (June 2025) that the inspection directives were issued as a part of measures to restore and streamline operations that had suffered due to disruptions caused by the COVID-19 pandemic, and that inspection details are available in the respective field offices. The Management added that instructions have been issued from time to time to field officers to strengthen regional operations and that compliance is generally ensured. However, documentation of inspections is not always feasible.

In the absence of the records of inspection of EDDs by the SEs for the period 2021-22 to 2023-24, Audit could not ascertain adequacy of inspections

4.1.9 Conclusion

- UPCL has not been able to contain the distribution losses due to billing inefficiencies and theft of energy *etc.* Among the loss-making Units, EDDs located in Roorkee, Laksar & Rudrapur were the apparent outliers with continuous poor performance in terms of loss of energy and resultant poor billing efficiency. For achieving greater billing efficiency, implementation of the smart metering was one of the essential measures. However, there was a significant delay in implementing the smart metering project.
- UPCL did not designate an officer of the DGM/ SE rank to oversee the operations related to raids and revenue inspection.
- For detecting and preventing theft of power, setting up of the dedicated Police Station in the theft prone areas of Haridwar and US Nagar was pending at the level of GoU for more than five years.

- The Vigilance Cell lacked sufficient Police officials throughout the period of three years covered under SSCA and the key positions of the Dy. SP and Sub-Inspectors remained vacant.
- Continuous provisional billing, which was a source of leakage, was allowed for more than two billing cycles. Further, the provisions related to the contracted load violation by domestic consumers, and non-domestic consumers were implemented only after being pointed out by Audit.
- Lack of monitoring, supervision and concerted efforts towards recovery of dues resulted in arrears surpassing the security deposit available, compromising safeguards against these arrears. Providing instalment facilities to certain consumers multiple times without due diligence was among reasons for arrears to have accumulated.
- Recovery against the RRCs issued to the district authorities through online and offline mode, remained poor and there was no mechanism to follow up the same. The RRCs returned by the District Authorities for want of complete address indicated that the address of the consumers was not mapped properly in the billing system.
- UPCL was continuously penalised for the delay in releasing new service connections. Internal Control and Monitoring was inadequate and ineffective. Further, proper efforts towards training/sensitizing the officers and staff towards the legal/regulatory provisions were not made.

4.1.10 Recommendations

- 1. Uttarakhand Power Corporation Limited may expedite and prioritise smart metering in the theft prone areas and ensure regular rotation of the officers and employees in the Electricity Distribution Circles/Divisions with higher distribution losses.**
- 2. Government of Uttarakhand may expedite setting-up the dedicated Police Stations in the theft prone areas and strengthen Vigilance Cell through adequate manpower (including Police officials).**
- 3. Uttarakhand Power Corporation Limited may ensure that the Chief/ Superintending Engineers conduct the inspections at the prescribed timeline, and submit inspection reports on Electricity Distribution Divisions, and action is taken on these reports. Further, Uttarakhand Power Corporation Limited may designate a Deputy General Manager/ Superintending Engineer rank officer to oversee the raids and revenue inspections.**
- 4. Government of Uttarakhand may direct Uttarakhand Power Corporation Limited to restrict provisional billing to a maximum of two billing cycles and to resolve cases of Not Billed/ Stopped Billed consumers in a timely manner.**

5. *Uttarakhand Power Corporation Limited may prioritise entering the details of Revenue Recovery Certificates issued offline into the billing module to enhance follow up.*
6. *Uttarakhand Power Corporation Limited may develop a mechanism for effective implementation of the Regulations of Uttarakhand Electricity Regulatory Commission and orders/ judgments of the Consumer Grievance Redressal Forums & Electricity Ombudsman. It may include preparation of structured internal guidelines/SOPs, etc. and organising training and workshops for its staff.*

Dehradun
The 30 October 2025



(SANJEEV KUMAR)
Accountant General (Audit),
Uttarakhand

Countersigned



New Delhi
The 10 November 2025

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

Appendices

Appendix-1.1

(Reference: Paragraph-1.1.3, 1.3 and 1.4.3; Page 2, 7 and 11)

Statement showing summarised financial position and working results of SPSEs as per their latest finalised accounts as on 30 September 2023

Sl. No.	Name of the SPSE	Period of Accounts	Paid up Capital (including share application money)	Long Term Loans	Net Profit/Loss(-) before Finance cost ¹ & tax	Net Profit/Loss (-) after Finance cost & tax	Finance Cost	Turn over	Capital employed	Net Worth	Free Reserve/Accumulated Profit/ Loss(-)	Total Assets
A	Power Sector SPSE											
1	Uttarakhand Power Corporation Limited	2022-23	1529.91	1243.02	-1050.42	-1223.64	150.37	8554.30	-2515.14	-3758.16	-5288.07	8237.14
2	Power Transmission Corporation of Uttarakhand Limited	2022-23	723.88	1074.63	109.31	21.87	82.31	372.68	2140.18	1065.55	341.67	2997.9
3	UJVN Limited	2022-23	1396.50	2113.85	274.28	115.64	147.52	1009.51	4840.62	2726.77	1330.27	8272.46
4	Kishau Corporation Limited	2022-23	10.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00	0.00	18.22
	Total of Power Sector (A)		3660.29	4431.50	-666.83	-1086.13	380.20	9936.49	4475.66	44.16	-3616.13	19525.72
B	Other Sector SPSE											
5	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited	2020-21	4.00	0.00	6.29	4.52	0.00	107.72	19.57	19.57	15.57	150.35
6	Doiwala Sugar Company Limited	2021-22	6.00	131.14	5.33	-16.59	21.92	99.92	-304.51	-435.65	-441.65	105.66
7	Kichha Sugar Company Limited	2021-22	17.99	119.32	38.61	20.26	18.35	207.40	-157.09	-276.41	-294.40	152.91

¹ As per Schedule III of Companies Act, 2013, Finance costs shall be classified as (a) Interest expenses (b) other borrowing costs, and (c) Applicable net gain/loss on foreign currency transactions and translation.

Report on State Public Sector Enterprises for the period ended March 2023

Sl. No.	Name of the SPSE	Period of Accounts	Paid up Capital (including share application money)	Long Term Loans	Net Profit/Loss(-) before Finance cost ¹ & tax	Net Profit/Loss (-) after Finance cost & tax	Finance Cost	Turn over	Capital employed	Net Worth	Free Reserve/Accumulated Profit/ Loss(-)	Total Assets
8	Uttarakhand Purv Sainik Kalyan Nigam Limited	2021-22	1.00	0.00	9.76	9.76	0.00	499.51	78.72	78.72	77.72	125.77
9	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	2022-23	0.10	0.00	-0.06	-0.06	0.00	0.00	-3.06	-3.06	-3.16	24.27
10	Dehradun Smart City Limited	2021-22	0.40	0.00	0.00	0.00	0.00	0.00	0.40	0.40	0.00	373.24
11	Uttarakhand Project Development and Construction Corporation Limited	2021-22	1.07	0.00	0.19	0.16	0.00	11.54	1.50	1.50	0.43	4.99
12	Uttarakhand Seeds & Tarai Development Corporation Limited	2021-22	4.08	19.50	-2.65	-4.82	2.17	43.42	-6.10	-25.60	-29.68	78.89
13	Kumaon Mandal Vikas Nigam Limited	2005-06	13.42	0.43	-0.37	-1.51	1.14	100.49	13.18	12.75	-0.67	77.49
14	Garhwal Mandal Vikas Nigam Limited	2016-17	6.64	9.79	-7.64	-7.93	0.29	192.36	29.24	19.45	12.81	110.81
15	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	28.50	196.15	20.65	5.91	6.95	16.77	622.88	426.73	398.23	2064.72

Sl. No.	Name of the SPSE	Period of Accounts	Paid up Capital (including share application money)	Long Term Loans	Net Profit/Loss(-) before Finance cost ¹ & tax	Net Profit/Loss (-) after Finance cost & tax	Finance Cost	Turn over	Capital employed	Net Worth	Free Reserve/Accumulated Profit/ Loss(-)	Total Assets
16	Uttarakhand Bahuddeshiya Vitta Evam Vikas Nigam Limited	2011-12	16.51	2.47	-1.91	-1.97	0.06	0.94	21.46	18.99	2.48	79.07
17	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2008-09	2.65	10.90	1.01	0.89	0.12	0.34	14.68	3.78	1.13	21.60
18	Uttarakhand Transport Corporation	2019-20	238.60	30.54	-3.87	-3.87	0.00	478.89	-262.58	-293.12	-531.72	1001.08
19	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	0.00	75.47	-10.95	-19.30	8.35	152.00	-232.09	-307.56	-307.56	7361.38
20	Uttarakhand Forest Development Corporation	2020-21	0.00	0.00	48.65	48.65	0.00	705.12	507.99	507.99	507.99	1137.36
21	Uttarakhand State Warehousing Corporation	2018-19	0.37	0.00	5.81	3.68	0.00	16.26	26.64	26.64	26.27	37.27
	Total of Other Sector (B)		341.33	595.71	108.84	37.78	59.35	2632.68	370.83	-224.88	-566.21	12906.86
	Grand Total (A+B)		4001.62	5027.21	-557.98	-1048.35	439.55	12569.17	4846.49	-180.72	-4182.34	32432.58

Appendix-1.2

(Reference: Paragraph-1.2.5; Page 6)

Statement showing investment made and other budgetary support provided by GoU to SPSEs during the period for which accounts were in arrears

(₹ in crore)

Sl. No.	Name of the SPSEs	Period of accounts	Period for which accounts are in arrears	Paid up Capital including share application money as per finalised accounts	Investment made by State Government during the period for which accounts were in arrears				Total
					Equity	Loans	Grant & Subsidy	Guarantee issued	
1	2	3	4	5	6	7	8	11	12
Government Companies									
1	Dehradun Smart City Limited	2021-22	2022-23	0.2	0	0	95.50	0	95.50
2	Uttarakhand Purv Sainik Kalyan Nigam Limited	2021-22	2022-23	1.00	0	0	0	0	0.00
3	Doiwala Sugar Company Limited	2021-22	2022-23	6.00	0	0	61.91	77	138.91
4	Kichha Sugar Company Limited	2021-22	2022-23	17.54	0	0	36.40	116.00	152.40
5	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited	2020-21	2021-22 to 2022-23	4.00	0	0	0	0	0.00
6	Uttarakhand Project Development and Construction Corporation Limited	2021-22	2022-23	1.07	0	0	0	0	0.00
7	Uttarakhand Seeds & Tarai Development Corporation Limited	2021-22	2022-23	1.20	0	0	0	0	0.00
8	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	2018-19 to 2022-23	26.00	0	0	87.52	0	87.52
9	Garhwal Mandal Vikas Nigam Limited	2016-17	2017-18 to 2022-23	6.64	0	0	Not provided	Not provided	0.00
10	Kumaon Mandal Vikas Nigam Limited	2005-06	2006-07 to 2022-23	13.42	0	0	0	0	0.00
11	Uttarakhand Bahauddeshiya Vitta Evam Vikas Nigam Limited	2011-12	2012-13 to 2022-23	11.66	5.80	0	0.60	0	6.40
12	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2008-09	2009-10 to 2022-23	2.65	7.35	0.00	7.00	0	14.35
13	SIIDCUL Plastic Park Limited	First accounts not received	2020-21 to 2022-23	-	0	0	0	0	0.00

Sl. No.	Name of the SPSEs	Period of accounts	Period for which accounts are in arrears	Paid up Capital including share application money as per finalised accounts	Investment made by State Government during the period for which accounts were in arrears				Total
					Equity	Loans	Grant & Subsidy	Guarantee issued	
1	2	3	4	5	6	7	8	11	12
14	Ecotourism Development Corporation of Uttarakhand Limited	First accounts not received	2017-18 to 2022-23	-	0.05	0	0	Not provided	0.05
	Total			91.38	13.20	0	288.93	193.00	495.13
Statutory Corporations									
16	Uttarakhand Transport Corporation	2019-20	2020-21 to 2022-23	229.36	0	46.17	65.29	0	111.46
17	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	2022-23	0	0	0	1792.51	0	1792.51
18	Uttarakhand Forest Development Corporation	2020-21	2021-22 to 2022-23	0	0	0	2	0	2.00
19	Uttarakhand State Warehousing Corporation	2018-19	2019-20 to 2022-23	0.185	0	0	0	0	0.00
	Total			229.545	0	46.17	1859.80	0	1905.97
	Grand Total			320.925	13.20	46.17	2148.73	193.00	2401.10

Source: Compiled on the basis of information provided by SPSEs.

Appendix-2.1
(Reference: Paragraph-2.1.3; Page 16)

Statement showing SPSEs having Accounts in Arrears

Sl. No.	Name of Company	Year for which Accounts are in arrear	No of Accounts in arrear	Status of Company
1	Dehradun Smart City Limited	2022-23	01	Working
2	Uttarakhand Purv Sainik Kalyan Nigam Limited	2022-23	01	Working
3	Doiwala Sugar Company Limited	2022-23	01	Working
4	Kichha Sugar Company Limited	2022-23	01	Working
5	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited	2021-22 to 2022-23	02	Working
6	Uttarakhand Project Development and Construction Corporation Limited	2022-23	01	Working
7	Uttarakhand Seeds & Tarai Development Corporation Limited	2022-23	01	Working
8	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2018-19 to 2022-23	05	Working
9	Garhwal Mandal Vikas Nigam Limited	2017-18 to 2022-23	06	Working
10	Kumaon Mandal Vikas Nigam Limited	2006-07 to 2022-23	17	Working
11	Uttarakhand Bahuddeshiya Vitta Evam Vikas Nigam Limited	2012-13 to 2022-23	11	Working
12	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2009-10 to 2022-23	14	Working
13	SHDCUL Plastic Park Limited	2020-21 to 2022-23	3	Working
14	Ecotourism Development Corporation of Uttarakhand Limited	2017-18 to 2022-23	6	Working
	Total		70	
	Inactive SPSE			
15	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of KMVN Limited)	1987-88 to 2022-23	36	Non-working
	Total		36	
	Under liquidation SPSE			
16	Uttar Pradesh Hill Electronics Corporation Limited	Information not available		
17	Kumtron Limited (Subsidiary of HILTRON)	Information not available		
18	Uttar Pradesh Hill Phone Limited (Subsidiary of HILTRON)	Information not available		

Sl. No.	Name of Company	Year for which Accounts are in arrear	No of Accounts in arrear	Status of Company
19	Uttar Pradesh Hill Quartz Limited (Subsidiary of HILTRON)	Information not available		
20	UPAI	Information not available		
21	Trans cables Limited (Subsidiary of KMVN Limited)	2001-02 to 2006-07	6	
22	Uttar Pradesh Digitals Limited (Subsidiary of KMVN Limited)	1997-98 to 2006-07	10	
23	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of GMVN Limited)	2009-10 to 2011-12	3	
	Total		19	
Statutory Corporations				
24	Uttarakhand Transport Corporation	2020-21, 2021-22, 2022-23	03	Working
25	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2022-23	01	Working
26	Uttarakhand Forest Development Corporation	2021-22, 2022-23	02	Working
27	Uttarakhand State Warehousing Corporation	2019-20, 2020-21, 2021-22, 2022-23	04	Working
	Total		10	
	Grant Total		135	

Appendix-2.2
(Reference: Paragraph-2.3 and 2.3.1; Page 18 and 19)

Statement showing SPSEs wherein comments of the CAG on financial statements were issued during the period from October 2022 to September 2023

Sl. No.	Name of SPSEs	Year of financial statements	Number of accounts
Government Companies			
1.	Uttarakhand Power Corporation Limited	2021-22 & 2022-23	02
2.	Power Transmission Corporation of Uttarakhand Limited	2021-22 & 2022-23	02
3.	UJVN Limited	2021-22 & 2022-23	02
4.	Doiwala Sugar Company Limited	2021-22	01
5.	Kichha Sugar Company limited	2021-22	01
6.	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited	2020-21	01
7.	Uttarakhand Pury Sainik Kalyan Nigam Limited	2021-22	01
8.	Uttarakhand Alphasanyak Kalyan Tatha Wakf Vikas Nigam	2005-06, 2006-07, 2007-08 and 2008-09	04
9.	Dehradun Smart City Limited	2021-22	01
10.	Garhwal Mandal Vikas Nigam Limited	2016-17	01
11.	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	2022-23	01
12.	Kishau Corporation Limited	2021-22	01
Total			18
Statutory Corporations			
13.	Uttarakhand Transport Corporation	2016-17, 2017-18, 2018-19 and 2019-20	04
14.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	03
15.	Uttarakhand State Warehousing Corporation	2018-19	01
16.	Uttarakhand Forest Development Corporation	2020-21	01
Total			09
Grand Total			27

Appendix-2.3
(Reference: Paragraph-2.3.1; Page 19)

Statement showing significant comments of CAG on the financial statements of SPSEs issued during 1 October 2022 to 30 September 2023

Sl. No.	Name of the SPSEs	Period of accounts	Monetary value of the comment (₹ in crore)	Comments in brief
A. Government Companies				
Understatement of Loss				
1.	Uttarakhand Power Corporation Limited	2022-23	12.54	Non-accounting of supplementary bills of ₹ 12.54 crore raised by National Hydroelectric Power Corporation Limited for the period 2014-15 to 2022-23 resulted in understatement of Purchase Cost of Electricity and Current Liabilities by ₹ 12.54 crore, each. Consequently, the 'Loss' for the year was also understated to the same extent.
			15.21	The Company has not booked ₹ 15.21 crore as provision for compensation payable to consumers on account of non-compliance of Regulations of Standard of Performance, 2007 issued by Uttarakhand Electricity Regulatory Commission (UERC). This resulted in understatement of Current Liabilities and Other Administrative Expenses by ₹ 15.21 crore, each. Consequently, 'Loss' for the year was also understated to the same extent.
			1.27	The scrap/damaged material amounting to ₹ 1.27 crore was included in Capital Inventory. Provision for diminution in value of this Inventory was not made in the accounts. This resulted in overstatement of Capital Inventory and understatement of Provision for diminution in value of Inventory by ₹ 1.27 crore, each. Consequently, 'Loss' for the year was also understated to the same extent.
2.	Doiwala Sugar Company Limited	2021-22	0.86	The Company had not provided for ₹ 0.86 crore being the amount of guarantee fee payable to the Government of Uttarakhand (GoU) on account of Cash Credit Limit. This resulted in understatement of 'Short-Term Provisions' as well as 'Loss' for the year by ₹ 0.86 crore.
3.	Kichha Sugar Company Limited	2021-22	0.33	The Company had short provided ₹ 0.33 crore being the amount of guarantee fee payable to the Government of Uttarakhand (GoU) on account of Cash Credit Limit. This resulted in understatement of 'Short-Term Provisions' as well as 'Loss' for the year by ₹ 0.33 crore.
4.	Garhwal Mandal Vikas Nigam Limited	2016-17	33.29	The Company had made short provision of liability towards gratuity as determined by LIC as per actuarial valuation. Against the demand of contribution of ₹ 36.02 crore, the company has paid ₹ 2.73 crore to LIC. This resulted in understatement of Loss and Current Liabilities by ₹ 33.29 crore each.
	Total		63.50	
Overstatement of Profit				
1.	UJVN Limited	2022-23	29.51	The Company did not provide for an amount of ₹ 29.51 crore being payable to UPCL and HPCL in compliance of the tariff order of Uttarakhand Electricity Regulatory Commission issued on 30 March 2023. This resulted in understatement of Other Current Liabilities and Operating and Direct Expenses by ₹ 29.51 crore. Consequently, 'Profit' for the year was overstated to the same extent.

Report on State Public Sector Enterprises for the period ended March 2023

Sl. No.	Name of the SPSEs	Period of accounts	Monetary value of the comment (₹ in crore)	Comments in brief
2.		2021-22	71.63	It was directed by UERC to refund ₹ 71.63 crore (UPCL ₹ 62.97 crore and HPCL ₹ 8.66 crore) in twelve equal instalments starting from April 2022 to March 2023 (Trueing up of 2020-21). However, no provision of ₹ 71.63 crore has been made in the books of accounts. This resulted in understatement of Other financial liabilities and overstatement of the 'Profit' by ₹ 71.63 crore.
Total			101.14	
Understatement of Profit				
1.	Power Transmission Corporation of Uttarakhnad Limited	2022-23	2.29	The inclusion of ₹ 84.11 crore being the cost of 220 KV Gas Insulated Substation at Baram in Property, Plant and Equipment which was not commissioned as on 31 March 2023, was against the Significant Accounting Policy of the Company. The same should have been accounted as Capital Work in Progress. Further, depreciation of ₹ 2.29 crore was also charged. This resulted in overstatement of Property, Plant and Equipment by ₹ 81.82 crore and depreciation by ₹ 2.29 crore and understatement of Capital Work in Progress by ₹ 84.11 crore. Consequently, 'Profit' for the year was also understated by ₹ 2.29 crore.
Total			2.29	
Understatement of Assets & Liabilities				
1.	UJVN Limited	2022-23	16.05	The Company has not booked ₹ 16.05 crore payable to the contractors on account of balance works of Vyasi Project, which resulted in understatement of Other Current Liabilities as well as Property, Plant and Equipment by ₹ 16.05 crore.
2.	Power Transmission Corporation of Uttarakhnad Limited	2022-23	36.52	Non-accounting of Price Variation bills of ₹ 36.52 crore pertaining to the works of four projects executed prior to 31 March 2023 resulted in understatement of Provision by ₹ 36.52 crore, Capital Work in Progress by ₹ 27.90 crore, Property, Plant and Equipment by ₹ 8.18 crore and Depreciation by ₹ 44 lakh. Consequently, this also resulted in overstatement of Profit for the year by ₹ 44 lakh.
3.	Dehradun Smart City Limited	2021-22	8.56	The Company has not booked an expenditure of ₹ 8.56 crore pertaining to Doon Integrated Command and Control Centre (DICCC) Project. This resulted in understatement of Capital Work in Progress and Other Long-Term Liabilities (unutilized Grant) by ₹ 8.56 crore, each.
Total			61.13	
Overstatement of Assets & Liabilities				
1.	Dehradun Smart City Limited	2021-22	3.83	The depiction of grant utilized for the completed works of Smart Schools and Digitization of Collectorate office as unutilized grant resulted in overstatement of 'Other Long-Term Liabilities' (unutilised Grant) as well as Capital Work in Progress by ₹ 3.83 crore, each.
Total			3.83	
B. Statutory Corporations				
Overstatement of Loss				
1.	Uttarakhand Transport Corporation	2019-20	1.00	The Cash Balance of Corporation does not include ₹ 2.37 crore being amount realised from forfeited Bank Guarantee (₹ 1.00 crore) and Auto Sweep Bank Account (₹ 0.97 crore) and Tax Deducted at

Sl. No.	Name of the SPSEs	Period of accounts	Monetary value of the comment (₹ in crore)	Comments in brief
				Source (₹ 0.40 crore) wrongly reduced from FD balance instead of booking against respective account. This resulted in understatement of Cash with Treasuries (FD) by ₹ 2.37 crore, Other Income by ₹ 1.00 crore, Current Liabilities by ₹ 0.40 crore and overstatement of Cash with Bank by ₹ 0.97 crore. Consequently, 'Loss' for the year has also been overstated by ₹ 1.00 crore.
			77.94	Balance amount of the subsidy claim of ₹ 77.94 crore for losses on account of operating buses in hilly areas receivable from GoU was not accounted for in books of accounts. This resulted in understatement of Sundry Debtors (Government Department) and understatement of Income by ₹ 77.94 crore, each. Consequently, 'Loss' for the year has also been overstated to the same extent.
			4.78	The claim of ₹ 4.78 crore receivable for reimbursement against concession provided to special category passengers was incorrectly booked as Current Liability instead of Income in accounts. This resulted in overstatement of Current Liabilities and understatement of Other Income by ₹ 4.78 crore, each. Consequently, 'Loss' for the year has also been overstated to the same extent.
Total			83.72	
Understatement of Loss				
1.	Uttarakhand Transport Corporation	2019-20	8.05	The Corporation booked salary & wages of drivers & conductors, incentive etc. amounting to ₹ 8.05 crore in the Passenger Amenity Fund instead of charging the same to the Profit and Loss account. This resulted in understatement of Passenger Amenity Fund and Operating Expenses by ₹ 8.05 crore, each. Consequently, 'Loss' for the year has also been understated by ₹ 8.05 crore.
2.	Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam	2021-22	50.42	The Nigam has not provided for interest of ₹ 50.42 crore payable on loan taken from Government of Uttarakhand (GoU) during the period 2002-03 to 2008-09. This resulted in understatement of Current Liabilities and Interest expenditure by ₹ 50.42 crore, each. Consequently, 'Deficit' for the year was also understated by the same extent.
Total			58.47	
Overstatement of Profit				
			14.87	Non-inclusion of dead rent amounting to ₹ 14.87 crore (including interest amounting to ₹ 3.60 crore) payable to the Mining Department for the year 2019-20 and 2020-21 resulted in understatement of expenses payable and overstatement of Profit by ₹ 14.87 crore.
1.	Uttarakhand Forest Development Corporation	2020-21	1.10	The Construction-in-progress included completed works of boundary wall amounting to ₹ 7.00 crore. The same should have been capitalized & depreciated. For the same works, bills amounting to ₹ 0.59 crore were also due for payment as on 31 March 2021 which were not accounted for. This resulted in understatement of Building by ₹ 7.59 crore and overstatement of Construction-in-progress by ₹ 7.00 crore and understatement of Current Liabilities by ₹ 0.59 crore. Further, non-charging of depreciation on the said building also resulted in overstatement of Building as well as Profit by ₹ 1.10 crore.

Report on State Public Sector Enterprises for the period ended March 2023

Sl. No.	Name of the SPSEs	Period of accounts	Monetary value of the comment (₹ in crore)	Comments in brief
2.	Uttarakhand State Warehousing Corporation	2018-19	3.82	As per revised Dividend Policy, it was required to pay dividend of 30 per cent of Profit After Tax or 5 per cent of Net Worth, whichever is higher. Accordingly, Uttarakhand State Warehousing Corporation was to pay dividend of ₹ 3.82 crore to Central Warehousing Corporation (CWC) for the period 2016-17 to 2018-19. This resulted in understatement of Current Liabilities and Provisions and overstatement of Profit by ₹ 3.82 crore.
Total			21.78	
Understatement of Assets & Liabilities				
1.	Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam	2021-22	42.04	Non-accounting of running bills of ₹ 42.04 crore payable to the contractors against the works executed during the year 2021-22 has resulted in understatement of Current Liabilities & Provisions as well as Work-in-Progress by ₹ 42.04 crore, each.
2.			13.98	Deduction of ₹ 13.98 crore from Accounts Payable on account of advances given to various parties under the schemes against the work, in contravention to Generally Accepted Accounting Principles, resulted in understatement of Current Liabilities and Provisions as well as Loans and Advances by ₹ 13.98 crore.
Total			56.02	
Overstatement of Assets & Liabilities				
1.	Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam	2021-22	129.55	The Nigam failed to adjust the completed works amounting to ₹ 129.55 crore, which were handed over to the various Agencies/Departments. This resulted in overstatement of Work in Progress as well as Capital Grant from Government by ₹ 129.55 crore, each.
Total			129.55	

Appendix-2.4

(Reference: Paragraph-2.3.2; Page 20)

Statement showing SPSEs wherein the Statutory Auditors reported non-compliance of AS

Sl. No.	Name of SPSEs	Year of financial statements	AS/ Ind AS not complied with
1	2	3	4
1	Garhwal Mandal Vikas Nigam	2016-17	AS-22, 2, 4, 5, 7, 9, 10, 12, 13, 15, 17, 28
2	Dehradun Smart City Limited	2021-22	AS-12, 18, 1, 10, 9, 5

Source: Statutory Auditors' Report on financial statements of SPSEs

Appendix-2.5

(Reference: Paragraph-2.3.2; Page 20)

Statement showing SPSEs wherein non-compliance of mandatory AS/ Ind AS pointed out by the CAG

Sl. No.	Name of the SPSEs	Year of financial statements	AS/Ind AS	Mandatory AS/ Ind AS not complied with
1	UJVN Limited	2021-22	Ind AS	Ind AS-16
2	Kishau Corporation Limited	2021-22	AS	AS-10, 26

Source: Compiled from comments issued on financial statements of SPSEs

Appendix-2.6

(Reference: Paragraph-2.4; Page 21)

Statement showing Management Letters issued to SPSEs during the period from 1 October 2022 to 30 September 2023

Sl. No.	Name of SPSEs	Year of financial statements	Number of accounts	Number of Management letters
1	2	3	4	5
1	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2019-20 & 2020-21	2	13
2	Garhwal Mandal Vikas Nigam Limited	2016-17	1	03
3	Uttarakhand Forest Development Corporation	2020-21	1	02
4	Power Transmission Corporation of Uttarakhand Limited	2021-22 & 2022-23	2	05
5	Kichha Sugar Company Limited	2021-22	1	02
6	Uttarakhand Power Corporation Limited	2021-22	1	04
7	UJVN Limited	2021-22 & 2022-23	2	04
8	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited (BRIDCUL)	2020-21	1	03
9	Uttarakhand Purv Sainik Kalyan Nigam Limited	2021-22	1	01
10	Uttarakhand Transport Corporation	2016-17 & 2017-18	2	06
11	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2005-06	1	02
12	Dehradun Smart City Limited	2021-22	1	02
Total				47

Appendix-3.1

(Reference: Paragraph-3.3.1, 3.4, 3.6.1 and 3.6.2; Page 25, 26, 28 and 29)

Statement showing status of Independent Directors, Woman Directors, Board Meetings, Audit Committee and Nomination and Remuneration Committee (NRC) in SPSEs

Sl. No.	Name of SPSE	Year of latest finalised financial statements up to 2022-23	Paid up Capital	Turn over	Aggregate Outstanding loans, Debentures & deposits	Whether criteria fulfilled	No. of BOD Meetings held in 2022-23	Requirement of Independent Director		Actual against requirement Nos. of Independent Directors during 2022-23	Declaration Status of Independent Director	Requirements of	
								Independent Director	Independent Director			Audit Committee	Nomination & Remuneration Committee
1	Uttarakhand Power Corporation Limited	2022-23	1529.91	8554.3	1243.02	Yes	6	2	2	4	Yes	Yes	Yes
2	Power Transmission Corporation of Uttarakhand Limited	2022-23	723.88	372.68	1074.63	Yes	5	2	2	12	Yes	Yes	Yes
3	UJVNL Limited	2022-23	1396.5	1009.51	2113.85	Yes	6	2	2	4	No	Yes	Yes
4	Kishau Corporation Limited	2022-23	10	0	0	Yes	1	2	2	0	No	No	No
5	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited	2021-22	4	154.13	0	Yes	2	2	2	0	No	No	No
6	Doiwala Sugar Company Limited	2022-23	6	120.31	446.55	Yes	4	2	2	0	No	Yes	No
7	Kichha Sugar Company Limited	2022-23	17.99	164.35	373.52	Yes	4	2	2	0	No	No	No
8	Uttarakhand Purv Sainik Kalyan Nigam Limited	2022-23	1	576.37	0	Yes	4	2	2	2	No	Yes	Not Provided
9	Uttarakhand Metro Rail, Urban & Infrastructure Building Construction Corporation Limited	2022-23	0.1	0	0	No	4			NA	NA	NA	NA

2 For partial period.

Sl. No.	Name of SPSE	Year of latest finalised financial statements up to 2022-23	Paid up Capital	Turn over	Aggregate Outstanding loans, Debentures & deposits	Whether criteria fulfilled	No. of BOD Meetings held in 2022-23	Requirement of Independent Director		Actual against requirement			Requirements of	
								Independent Director	Independent Director	Nos. of Independent Directors during 2022-23	Declaration Status of Independent Director	Audit Committee	Nomination & Remuneration Committee	
10	Dehradun Smart City Limited	2022-23	0.4	0	0	No	5			NA	NA	NA	NA	NA
11	Uttarakhand Project Development and Construction Corporation Limited	2022-23	1.07	8.32	0	No	4			NA	NA	NA	NA	NA
12	Uttarakhand Seeds & Tarai Development Corporation Limited	2022-23	4.08	41.92	19.57	No	1			NA	NA	NA	NA	NA
13	Kumaon Mandal Vikas Nigam Limited	2006-07	13.42	113.1	32.11	Yes	4	2	2	0	No	No	No	No
14	Garhwal Mandal Vikas Nigam Limited	2017-18	6.64	241.72	10.69	Yes	5	2	2	0	No	No	No	No
15	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	28.5	16.77	196.15	Yes	2	2	2	2	No	Yes	No	No
16	Uttarakhand Bahuddeshiya Vitta Evam Vikas Nigam Limited	2011-12	16.51	0.94	2.47	Yes	2	2	2	0	No	No	No	No
17	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2008-09	2.65	0.34	10.9	No	2			NA	NA	NA	NA	NA
18	SHIDCUL Plastic Park Limited (Accounts Not Received)	Not provided	0	0	0	No	1			NA	NA	NA	NA	NA
19	Ecotourism Development Corporation of Uttarakhand	2017-18	0.05	0	5	No	Nil			NA	NA	NA	NA	NA

Note - NA= Not applicable.

Appendix-3.2
(Reference: Paragraph-3.7.1; Page 30)

Statement showing status of Internal Audit Framework in SPSEs

Sl. No.	Name of the SPSE	Year of Latest financial statement up to 2022-23	Preceding financial year*	Fulfillment of any of the conditions for appointment of Internal Auditor			whether criteria fulfilled	
				Paid up capital of ₹ 50 crore or more	Turnover of ₹ 200 crore or more	Outstanding loans/ borrowing from banks & Public Financial Institutions of ₹ 100 crore or more		Outstanding deposits of ₹ 25 crore or more
1	Uttarakhand Power Corporation Limited	2022-23	2021-22	1529.91	Not required	Not required	Not required	Yes
2	Power Transmission Corporation of Uttarakhand Limited	2022-23	2021-22	723.88	Not required	Not required	Not required	Yes
3	UJVN Limited	2022-23	2021-22	1396.5	Not required	Not required	Not required	
4	Kishau Corporation Limited	2022-23	2021-22	10	0	0	0	
5	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited	2021-22	2021-22	4	154.13	0	0	No
6	Doiwala Sugar Company Limited	2022-23	2021-22	6	120.31	37.09	Not required	
7	Kichha Sugar Company Limited	2022-23	2021-22	17.99	207.4	Not required	Not required	Yes
8	Uttarakhand Purv Sainik Kalyan Nigam Limited	2022-23	2021-22	1	499.5	0	Not required	
9	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	2022-23	2021-22	0.1	0	0	0	No
10	Dehradun Smart City Limited	2022-23	2021-22	0.4	0	0	0	
11	Uttarakhand Project Development and Construction Corporation Limited	2022-23	2021-22	1.07	11.54	3.09	0	

Sl. No.	Name of the SPSE	Year of Latest financial statement up to 2022-23	Preceding financial year*	Fulfilment of any of the conditions for appointment of Internal Auditor				whether criteria fulfilled
				Paid up capital of ₹ 50 crore or more	Turnover of ₹ 200 crore or more	Outstanding loans/ borrowing from banks & Public Financial Institutions of ₹ 100 crore or more	Outstanding deposits of ₹ 25 crore or more	
12	Uttarakhand Seeds & Tarai Development Corporation Limited	2022-23	2021-22	4.08	43.42	19.57	0	
13	Kumaon Mandal Vikas Nigam Limited	2006-07	2006-07	13.42	113.1	32.11	0	
14	Garhwal Mandal Vikas Nigam Limited	2017-18	2017-18	6.64	241.72	Not required	Not required	
15	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	2017-18	28.5	16.77	196.15	Not required	Yes
16	Uttarakhand Bahuuddeshiya Vitta Evam Vikas Nigam Limited	2011-12	2011-12	16.51	0.94	2.47	0	
17	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2008-09	2008-09	2.65	0.34	10.9	0	No
18	SHDCUL Plastic Park Limited (Accounts Not Received)	Not provided	Not provided	0	0	0	0	
19	Ecotourism Development Corporation of Uttarakhand	2017-18	2017-18	0.05	0	5	0	

* For FY 2022-23, the preceding financial year was 2021-22. However, for the financial years 2021-22 or earlier to 2021-22, the same year is considered as preceding financial year.

Appendix-4.1

(Reference: Paragraph-4.1.1 and 4.1.7.1; Page 33 and 37)

Statement showing Category of Consumers based on tariff

Sl. No	Category	Load
1.	RTS-1: Domestic RTS-1 A: Snowbound	For domestic use only For domestic and non-domestic consumers in snowbound areas
2.	RTS-2: Non-Domestic	Government/ Govt. aided institutions, Charitable Institution registered under the Income Tax Act, 1961, Small Non-Domestic consumers up to 4 kW having consumption up to 50 units per month, Multiplex, Malls Complex including common facilities, Commercial standalone independent advertisement hoardings
3.	RTS-3: Govt. Public Utilities	All the Government Utilities such as Public Lamps, Street Lighting System, Traffic Signals, Public Parks, State Tubewells, Pumped Canals and Irrigation System, Public Water Works, Sewage Treatment Plant functioning under Jal Sansthan, Jal Nigam or other local body and Plastic Recycle Plant
4.	RTS-4: Private Tube Wells/ Pumping Sets RTS-4A: Agriculture Allied Activities	For private tube-wells/ pumping sets for irrigation purposes and for incidental agricultural process confined to chaff cutter, thrasher, cane-crusher and rice huller. For nurseries, polyhouse, fisheries and other units growing flower/vegetables and fruits including mushroom cultivation
5.	RTS-5: LT and HT Industry LT Industry: up to 75 kW HT Industry: above 75 kW	1- Industries and/or processing or agro- industrial purposes, power loom as well as Arc/ Induction Furnaces, Rolling/Re-rolling Mills, Mini Steel Plants and to other power consumers not covered under any other Rate Schedule 2- The vegetable, fruits, floriculture & Mushroom integrated units engaged in processing, storing and packaging in addition to farming and those not covered under RTS-4A shall also be covered under this Rate Schedule.
6.	RTS-6: Mixed Load	Single point bulk supply connection of more than 75 kW where the supply is used predominantly for domestic purposes (with more than 60 per cent domestic load) and also for other non-domestic purposes. This schedule also applies to supply to MES
7.	RTS-7: Railway Traction	For power utilised by railway for traction purpose
8.	RTS-8: Electric Vehicle Charging Station	For Public Electric Vehicle Charging Station set up to provide charging facility on commercial basis.
9.	RTS-9: Temporary Supply	1- For temporary supplies of light, fan and power loads for all purposes including illumination/public address/ceremonies and festivities/ functions/ temporary shops not exceeding three months. 2- For power taken for construction purposes including civil work by all consumers including Government Departments. Power for construction purposes for any work / project shall be considered from the date of taking first connection for the construction work till completion of the work / project

Appendix-4.2
(Reference: Paragraph-4.1.8.1; Page 43)

Statement showing Distribution Losses in the Electricity Distribution Divisions (in MU)

Sl. No.	Name of Electricity Distribution Division	2023-24	2022-23	2021-22
1	Dharchula	37.86	37.77	40.35
2	Narayanbagarh	37.19	39.64	26.60
3	Bageshwar	34.11	28.05	29.31
4	Urban Roorkee	33.21	33.66	34.83
5	Ramnagar Roorkee	31.62	30.04	27.34
6	Rural Roorkee	31.50	31.09	31.21
7	Uttarkashi	30.28	30.12	34.03
8	Laksar	27.93	28.07	27.99
9	Ranikhet	27.75	18.71	16.70
10	Barkot	27.30	27.31	28.29
11	Bhikiyasain	27.21	19.79	20.39
12	Rudrapur-II	26.16	30.76	34.88
13	Nainidanda	24.29	15.60	
14	Champawat	21.95	18.63	23.46
15	Tehri	21.38	21.48	24.34
16	Jwalapur	20.61	21.04	23.19
17	Pithoragarh	20.54	22.24	25.00
18	Pauri	18.68	18.17	17.37
19	Rudraprayag	18.25	22.71	19.02
20	Gopeshwar	18.20	26.10	19.58
21	Gairsain	18.10	24.79	32.54
22	Urban Haldwani	17.79	17.92	17.94
23	Kichha	17.59		
24	Vikasnagar	17.14	17.76	10.34
25	Ramnagar	16.96	14.01	14.02
26	Khatima	16.84	19.82	14.43
27	Bhagwanpur	14.17	15.50	13.92
28	Bajpur	12.70	13.50	14.94
29	Sitarganj	12.40	14.83	8.50
30	Nainital	12.08	12.56	16.56
31	Rural Haldwani	11.48	11.50	12.18
32	Almora	10.19	13.07	15.09
33	Rishikesh	8.16	9.85	9.01
34	North Dehradun	7.88	5.46	5.00
35	Jaspur	7.73	9.24	13.37
36	Srinagar	7.66	8.15	10.68
37	Kashipur	7.54	7.00	6.81
38	Raipur	7.14	9.63	9.80
39	Urban Hardwar	7.07	5.72	4.05
40	Doiwala	6.85	6.87	8.59
41	South Dehradun	6.47	5.46	5.77
42	Mohanpur	5.60	7.05	7.32
43	Central Dehradun	5.05	4.40	5.42
44	Kotdwar	3.73	3.24	4.24
45	Rudrapur-I	2.95	8.06	7.01
46	Rural Hardwar	0.02	0.81	0.32

Appendix-4.3

(Reference: Paragraph-4.1.8.1; Page 49)

Statement showing decision of CGRF/ Ombudsman passed against UPCL for IDF/RDF/NA/NR

Sl. No.	Ombudsman & CGRF cases/Order Date	Brief of case	Brief Decision
1	Jagmohan Singh Rana V/s EDD Badkot 28 October 2020	A provisional bill of ₹ 1.89 lakh for a period of 112 billing cycles was issued to the consumer on the grounds of NA/NR/IDF. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 22 July 2020. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order stated that UPCL can recover the amount of two or three billing cycles only as applicable under the UERC (Supply code) Regulations 2020. Hence, UPCL could recover only ₹ 6,850 from the consumer. Further ordered that UPCL cannot be made to bear the revenue loss caused due to disapproval of the NA/NR/IDF billing beyond the prescribed period under relevant regulation and the loss has to be made good by recovery from the responsible officials from their salaries.
2	Daya Pandey V/s EDD (Urban) Tikoniya, Haldwani 29 June 2020	A provisional bill of ₹ 50,529 for a period of 77 months was issued to the consumer on the grounds of RDF/NR. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 20 June 2020. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order stated that UPCL can recover the amount of two billing cycle only as applicable under the UERC (Supply code) Regulations 2020. UPCL cannot be made to suffer any financial loss as they have continuously supplied power to the consumer, so it would be appropriate to recover the cost of such bills from the erring staff.
3	Suman Giri V/s EDD Lakshar 30 August 2019	A provisional bill of ₹ 50,000 for a period of 39 bills was issued to the consumer on the grounds of NA/NR/IDF. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 13 March 2019. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order stated that UPCL cannot be made to suffer any financial loss. So, it would be appropriate to recover the cost of such bills from the erring staff. Out of ₹ 50,000 provisional bill, UPCL recovered ₹ 20,000 from the erring staff and the rest ₹ 30,000 may be recovered from the consumer.
4	Pankaj Singhal V/s EDD Bazpur 27 Dec 2019	A provisional bill of ₹ ₹ 1.02 lakh (21074 units) for a period from March 2016 to August 2017 was issued to the consumer on the grounds of IDF. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 03 August 2019. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order disapproved the IDF billing beyond the prescribed period under relevant Regulations. UPCL is directed to revise the bill to 3586 units only instead 21074 units.
5	Keshri Kant Nautiyal V/s EDD Uttarkashi 16 March 2022	A provisional bill of ₹ 1.12 lakh (12 NR bills) for a period 12 billing cycles was issued to the consumer on the ground of NR. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 16 December 2021. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order stated that 10 nos. NR bills out of 12 bills are not payable by the consumer under the relevant Regulations and directed that the amount of 10 nos. NR bills be recovered from the erring staff.
6	Teerathpal V/s EDD (Rural) Roorkee 31 January 2020	A provisional bill of ₹ 92,801 for a period from May 2009 to July 2013 was issued to the consumer on the ground of IDF. Against this, the consumer submitted a complaint to the CGRF. The case was	The Ombudsman in its Order disapproved of the IDF billing beyond the prescribed period under relevant regulation. UPCL is directed to revise the final bill after deletion of IDF bills from

Sl. No.	Ombudsman & CGRF cases/Order Date	Brief of case	Brief Decision
		decided by CGRF against the said consumer on 06 November 2019. Subsequently, the consumer filed an appeal with the Ombudsman.	May 2009 to 2013. Out of ₹ 92,801 amount, only 65,184 was realised.
7	Umesh Kumar V/s EDD Bhagwanpur 18 February 2019	A provisional bill of ₹ 1.12 lakh for a period of more than 5 years was issued to the consumer on the ground of NR. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 30 October 2018. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order disapproved the NR billing beyond the prescribed period under relevant Regulations. Also directed to examine the reasons for and accountability of those responsible for continuing NR billing for more than five years in violation of specific provision of Regulations and take appropriate action. Out of 1.12 lakh provisional bill, ₹ 37,083 is pending for payment till date.
8	Sanjay Kumar Dwivedi V/s Rudrapur 21 October 2019	RDF/NR bills were issued from January 2018 to January 2019 even after the meter was replaced in November 2017. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 30 October 2018. Subsequently, the consumer filed an appeal with the Ombudsman	The Ombudsman in its Order directed to delete NR bills issued for more than two bills.
9	Rajkumar V/s EDD Urban Roorkee 08 Dec 2023	A provisional bill of ₹ 88,820 for a period of almost 10 years was issued to the consumer on the ground of IDF/NA/NR. Against this, the consumer submitted a complaint to the CGRF. The case was decided by CGRF against the said consumer on 25 October 2021. Subsequently, the consumer filed an appeal with the Ombudsman.	The Ombudsman in its Order directed that UPCL can recover the amount of two billing cycle only as applicable under the UERC (Supply code) Regulations 2020 and remaining is not as per Regulations. Further, the amount of IDF/NA/NR bill beyond two billing cycle in case be worked out and officials responsible for issue of these bills in violation of regulation and tariff orders be identified and the amount of such bills be recovered from them.
10	CGRF case Karanpal Singh V/s EDD Laksar 17 Dec 2020	A provisional bill of ₹ 48,896 for a period of seven years was issued to the consumer on the ground of IDF.	CGRF ordered for disapproval of the IDF billing beyond the prescribed period under relevant Regulations. UPCL can recover the amount of two billing cycles only as applicable under the UERC (Supply code) Regulations 2020

Appendix-4.4

(Reference: Paragraph-4.1.8.1 and 4.1.8.3; Page 50 and 66)

Statement showing decisions of Ombudsman passed against UPCL

Sl. No.	Order Date / Parties	Reason and Decision	Other specific remarks of Ombudsman
1	19 July 2023 M/s Kishan Brothers V/s EDD (Central) CD0K000009585	<p>Low/missing voltage in MRI study for 318 days.</p> <p>The check meter study indicated that the meter was running slow by 70 per cent. Accordingly, the supplementary bill was raised to 9.58 lakh as per check meter study.</p> <p>The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 12 May 2023. Subsequently, the consumer filed an appeal with the Ombudsman.</p> <p>The Ombudsman in its Order stated that the results of check meter study indicating meter running slow by 70 per cent, cannot be relied upon and therefore, the demand ₹ 9.58 lakh was devoid of law being violative of the relevant regulations. CGRF order was set aside and demand of the said amount raised was also quashed and set aside.</p>	<p>It was also stated in the Order that a number of letters have been written by the Ombudsman to the MD, UPCL and other authorities for issuing instructions to the field officers to ensure that such cases (due diligence while installation of check meters / NABL accreditation etc.) are dealt with by them strictly in accordance with relevant UERC regulations and other statutory provisions, however, it appears that either such instructions have not been issued by UPCL management to their field officers or the field officers are not obeying such instructions and Committing similar or same type of mistakes in such cases again and again. Further, it was again advised to look into the matter and issue suitable instructions to all the field officers asking them to ensure compliance of relevant UERC Regulations.</p>
2.	19 July 2023 M/s Dehradun Premier Motor V/s EDD South SD0K00000684	<p>Observing irregularity in the MRI report(s), a check meter study was conducted, and it was found that the meter recording was 27 per cent slow, accordingly, supplementary bill of ₹ 4.70 lakh was raised.</p> <p>The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 15 May 2023. Subsequently, the consumer filed an appeal with the Ombudsman</p> <p>The Ombudsman in its Order stated that the result of check meter study indicating meter running slow by 27 per cent, cannot be relied upon and the entire exercise of conducting check meter study and raising demand of ₹ 4.70 lakh was devoid of law being violative of the relevant regulations. CGRF order was set aside and demand of the said amount raised was also quashed and set aside.</p>	<p>In the Order, the Ombudsman, <i>inter alia</i>, once again advised MD UPCL to look into the matter and issue suitable instructions to all the field officers asking them to ensure compliance of relevant UERC Regulations.</p>
3	03 March 2023 M/s Ferreterro India Pvt. Ltd. V/s EDD Bhhagawanpur BH0K00000422	<p>Check meter study was carried out as external CT of Y phase was saturated and hence, was not passing the actual current to the meter. The Study indicated that the meter was running slow by 16 per cent. Accordingly, the supplementary bill of ₹ 54.68 lakh was raised.</p> <p>The consumer approached the CGRF with grievance, but the case was decided against</p>	<p>The Ombudsman in its Order stated that entire check meter study was vitiated, and its result cannot be legally accepted and hence, no supplementary demand could have been raised on the basis of such vitiated check meter study. UPCL is directed to withdraw the demand of ₹ 54.68 lakh. Further, directed to</p>

Sl. No.	Order Date / Parties	Reason and Decision	Other specific remarks of Ombudsman
		<p>the said consumer on 30 November 2022. Subsequently, the consumer filed an appeal with the Ombudsman.</p> <p>The Ombudsman in its order stated that the entire check meter study has been vitiated, thus, no reliance can be placed on such a vitiated study and consequently its results cannot be legally accepted.</p> <p>CGRF order was set aside and demand of the said amount raised was also quashed and set aside.</p>	<p>refund 50 <i>per cent</i> of the aforesaid impugned demand deposited by the consumer.</p>
4	27 Feb 2023 Surjeet Kaur Jolly V/s EDD (South) SD0K00003216	<p>The current on R&B phases was appearing low since May 2019 in MRI Report. Check meter study was carried out and accordingly, a supplementary bill of ₹ 6.01 lakh was raised.</p> <p>The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 17 December 2022. Subsequently, the consumer filed an appeal with the Ombudsman.</p> <p>The Ombudsman in its Order stated that relevant regulations and other legal provisions were not followed, as veracity of the meter which was installed as check meter was not given to the petitioner before initiating installation of check meter. Therefore, the result of check meter study indicating meter running slow by 67 <i>per cent</i>, cannot be relied upon being violating the relevant regulations.</p> <p>CGRF order was set aside and demand of the said amount raised was also quashed and set aside.</p>	<p>Ombudsman once again advised MD UPCL to look into the matter and issue suitable instructions to all the field officers asking them to ensure compliance with relevant UERC regulations.</p>
5	20 Feb 2023 Anil Kumar Garg V/s EDD (South) SD0K000123896	<p>Low voltage on R&B phases appearing (November 2019) in MRI from the very first day from release of New Service Connection (NSC). The supplementary bill of ₹ 3.38 lakh was raised.</p> <p>The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 18 November 2022. Subsequently, the consumer filed an appeal with the Ombudsman.</p> <p>The Ombudsman in its Order stated that as veracity of the meter which was installed as check meter was not established as NABL accredited test certificate of the said meter was not given, the results of check meter study declaring the meter running slow by 39 <i>per cent</i>, cannot be relied upon being violating the relevant regulations.</p> <p>CGRF order was set aside and demand of the said amount raised was also quashed and set aside</p>	<p>MD, UPCL was advised to issue necessary directions to all field officers to follow the UERC relevant regulations and other statutory provisions in the Act in conducting check meter study.</p>

Sl. No.	Order Date / Parties	Reason and Decision	Other specific remarks of Ombudsman
6	27 June 2022 Pestleweed School Oakhill Estate V/s EDD (North) 700K000000610	Y - phase was showing 0. The check meter installed and it was found that meter was slow by 35 <i>per cent</i> and assessment made of ₹4.70 lakh. The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 24 February 2022. Subsequently, the consumer filed an appeal with the Ombudsman. The case was quashed by Ombudsman due to check meter not been certified from an NABL accredited Lab.	The Ombudsman also granted compensation of ₹ 21,150 for delay in replacement of burnt meter. UPCL was directed to withdraw the amount of ₹ 4.70 lakh and refund the sum of two lakh deposited by the consumer.
7	25 April 2022 Windlass Healthcare Pvt Ltd V/s EDD (South) SD0K000006639	In M/s YMPL testing, the meter was running slow by 34 <i>per cent</i> due to wrong phase association. The phase sequence found changed from RYB to RBY. Less recording by meter by 34 <i>per cent</i> for 986 days due to phase sequence change. The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 17 July 2021. Subsequently, the consumer filed an appeal with the Ombudsman The Ombudsman in its Order stated that the sanctity and accuracy of the installed meters having not been tested in NABL accredited laboratory and demand raised by such a check meter study cannot, be held as a genuine demand (₹1.81 crore) and, therefore, cannot be upheld. The CGRF order was set aside and demand raised by the UPCL for a sum of ₹ 1.81 crore was also set aside.	In the Order, it was also mentioned that UPCL did not conduct periodical testing of the metering (once in a year) equipment of the consumer. Further, directed to refund any sum deposited by the consumer against the said demand.
8	18 Feb 2022 Dy Inspector General ITBP academy V/s EDD (North) 700K000000837	Check meter installed found 52 <i>per cent</i> slow and raised a demand of ₹ 14.74 lakh. The consumer approached the CGRF with grievance, but the case was decided against the said consumer on 25 November 2021. Subsequently, the consumer filed an appeal with the Ombudsman The Ombudsman in its Order stated that the test results are not reliable as meter of the UPCL had not been tested in NABL accredited laboratory under relevant Regulations.	The check meter study was held null and void and so is the assessment raised on the basis of such study and directed to withdraw the amount of assessment. Also directed that any sum deposited by the consumer be refunded by way of adjustment.

Appendix-4.5
(Reference: Paragraph-4.1.8.1; Page 51)

Statement showing Loss on account of delay in application of Excess Load/ Demand Penalty

(in ₹)

Sl. No.	Consumer Number	Load (kW ³)	Range of MD (kVA ⁴)	Four-time penalty
1	370K000004285	70	102 - 173	2,03,658.00
2	370K000004383	38	84 - 232	5,58,131.00
3	370K000024017	75	126 - 754	6,56,986.00
4	370K000030780	75	138 - 174	1,95,796.00
5	370K000098778	70	86 - 120	1,46,132.00
6	370K000098781	75	91 - 200	4,81,429.60
7	370K000098789	75	91 - 149	2,47,444.00
8	370K000098809	75	121 - 146	2,22,045.60
9	370K000098828	75	91 - 124	1,22,605.00
10	370K000098872	75	122 - 188	3,33,712.00
11	890K000021989	26	112 - 143	8,64,904.00
12	880K000022554	70	110 - 161	5,21,146.00
13	880K000026151	75	91 - 156	1,47,286.00
14	880K000029385	75	96 - 137	3,11,976.40
15	880K000029607	75	100 - 164	2,48,752.00
16	880K000030626	75	104 - 298	3,19,660.00
17	880K000193095	75	119 - 167	1,97,754.00
18	880K000193103	70	92 - 209	8,59,083.60
19	890K000003988	75	91 - 179	3,28,874.00
20	890K000004359	75	98 - 153	2,33,164.00
21	890K000004374	75	113 - 204	4,11,710.00
22	890K000024768	75	105 - 134	1,77,790.00
23	890K000024908	75	103 - 205	1,91,930.00
24	890K000025629	50	94 - 504	5,97,556.00
25	890K000026431	75	92 - 200	2,42,704.50
26	890K000028378	73	95 - 150	2,39,960.00
27	890K000029278	75	100 - 137	2,96,090.00
28	890K000243160	75	98 - 167	2,41,257.00
29	HR0K000002003	65	103 - 197	5,59,742.00
30	HR0K000002648	75	89 - 168	2,36,397.00
31	HR0K000118479	28	99 - 121	1,41,491.00
32	HR0K000118592	75	204 - 224	2,16,423.00
33	KH0K000028530	75	117 - 157	2,28,552.00
34	KH0K000221017	75	113 - 174	1,83,756.00
35	RM0K00700801	74	95 - 132	1,67,568.00
36	JS0K000028616	75	99 - 169	3,62,572.00
37	JS0K000028613	75	113 - 145	2,77,868.00
38	KH0K000028347	75	99 - 137	1,41,624.00
39	JW0K000009171	75	198 - 497	20,42,376.20
40	JS0K000400093	75	94 - 119	1,82,820.00
41	JS0K000400085	75	113 - 153	2,40,874.00
42	JS0K000400028	70	98 - 163	5,24,076.00
43	RR0K000880030	75	138 - 195	8,12,153.80
Total				1,59,17,829.70

³ Kilo Watt.

⁴ Kilo Volt Ampere.

Appendix-4.6
(Reference: Paragraph-4.1.8.1; Page 52)

Statement showing Targets of checking

Sl. No.	Official	Monthly Checking Targets	Yearly Checking Target
1.	Chief Engineer (D)	Minimum 20 no. consumers out of which at least 40 <i>per cent</i> of consumers having connected load \geq 2000 KVA)	The Executive Engineer (Distribution) was required to make sure that all the consumers having contracted load of 50 kW and above are checked at least once a year.
2.	Superintending Engineer (D)	20 no. consumers out of which at least 20 <i>per cent</i> of consumers having connected load \geq 500 KVA	
3.	Executive Engineer (D)	Minimum 30 no. consumers out of which atleast 50 <i>per cent</i> of consumers having connected load \geq 75 KW)	
4.	Sub-Divisional Officer	Minimum 30 no. consumers out of which atleast 50 <i>per cent</i> of consumer having connected load \geq 25 KW)	
5.	Junior Engineer (JE)	Meter reading of 400 consumers is to be checked randomly upto 25 KW.	

Appendix-4.7
(Reference: Paragraph-4.1.8.2; Page 55)

Statement showing Collection Efficiency of Five Divisions

(In per cent)

Name of EDD / Month	Vikas Nagar	Haldwani (Urban)	Ramnagar (Roorkee)	Roorkee (Urban)	Haldwani (Rural)
Apr-21	38.82	31.46	49.63	34.97	30.35
May-21	41.41	42.50	61.05	51.96	50.25
Jun-21	48.65	47.68	65.25	58.16	57.70
Jul-21	57.73	51.44	68.05	62.69	59.52
Aug-21	68.74	53.35	74.13	69.01	66.21
Sep-21	64.64	55.58	74.68	72.28	68.87
Apr-22	49.19	39.28	45.00	55.52	42.69
May-22	53.69	43.92	56.85	61.88	60.23
Jun-22	57.22	51.13	66.99	67.40	67.46
Jul-22	71.68	56.46	69.01	72.54	77.24
Aug-22	77.75	59.53	73.27	75.42	80.15
Sep-22	78.88	62.77	74.97	76.80	82.80
Apr-23	50.65	41.08	43.86	55.52	47.82
May-23	59.47	52.22	64.67	73.18	66.00
Jun-23	67.54	55.25	69.02	74.69	73.65
Jul-23	67.15	59.27	69.43	73.22	75.99
Aug-23	67.81	62.52	66.07	75.79	76.21
Sep-23	69.09	65.05	77.12	77.07	79.33

Appendix-4.8
(Reference: Paragraph-4.1.8.2; Page 55)

Statement showing Arrears at the end of Quarter

(₹ in crore)

RTS	Quarter	RTS-1	RTS-2	RTS-3	RTS-4	RTS-5
2021-22	1	801.72	392.48	806.36	189.83	471.10
	2	898.85	412.21	869.06	194.93	539.49
	3	906.68	408.76	883.69	212.68	527.97
	4	661.10	317.39	779.29	188.56	342.25
2022-23	1	794.32	386.51	885.88	211.79	542.50
	2	868.33	379.94	933.71	211.30	557.97
	3	894.90	377.69	990.14	233.55	552.99
	4	750.99	294.18	633.12	208.86	304.57
2023-24	1	851.36	358.21	731.91	218.62	524.22
	2	990.44	385.41	817.05	226.11	526.40
	3	1014.89	385.70	820.63	250.32	503.17
	4	868.85	272.07	705.22	230.40	156.55

Appendix-4.9
(Reference: Paragraph-4.1.8.2; Page 64)

Statement showing PD consumers who filed GST returns during FY 2023-24

Sl.No.	Service Connection No.	Consumers (M/s)	PD Date	Arrears	GSTIN
1	890K000024280	Rudra Auto Tech	28-07-2023	1,05,00,060	05AAFCR6126C1ZR
2	MP0K000002765	Modhike Pvt Ltd	29-06-2021	21,62,712	05AAECM0397F1ZM
3	HR0K000005673	Fresh Pet Pvt. Ltd.	09-09-2021	19,74,039	05AABCF2039C1ZB
4	890K000003905	Windals Auto Ltd.	11-01-2022	17,31,979	05AAACW1443L1ZE
5	LK0K000147275	Siddhi Vinayak Mine	04-01-2023	7,52,958	05ACVFS8717P1Z0
6	6960101088873	Ram Kumar Mishra	16-12-2021	5,45,902	05ACOPM9576D1Z6
7	RD61508072972	Irshad Ahamad	24-10-2020	5,11,303	05CEJPA8886D1ZE
8	6901301037553	Smt Satya Devi	19-12-2022	3,88,977	05EZLPD7589H2ZT
9	JW0K000118386	Charan Singh	31-07-2020	3,41,366	05CNXPS7977L1ZK
10	6960630023275	Kamal Kishor Singh	14-12-2022	3,16,842	05GACPS6192B1ZO
11	RP0K000016025	Lanco Infratech Ltd.	09-09-2022	3,10,330	05AAACL3449H1ZO
Total				1,95,36,468	

Appendix-4.10
(Reference: Paragraph-4.1.8.3; Page 68)

Statement showing excess deployment of manpower

Sl. No.	Division	Designation/Post	SS	MIP	Surplus	Status as of
1	ETD Urban	Assistant Engineer	3	4	1	Nov 2023
		Junior Engineer	6	17	11	
2	EDD South	Assistant Engineer	5	6	1	Dec 2023
		Junior Engineers	10	14	4	
3	EDD North	Junior Engineers	12	16	4	Dec 2023
		Office Asstt.-II	10	13	3	
4	EDD Central	Junior Engineer	10	13	3	Oct 2023
5	EDC Rural Dehradun	Office Asstt.	1	2	1	Oct 2023
6	ETD Rural Dehradun	Asstt. Engineer (meter)	3	5	2	NA
		Junior Engineer	6	12	6	
Posting Status in Field offices Dehradun			66	102	36	
7	EDD Haldwani (Urban)	Accountant	1	2	1	Dec 2023
		Office Asstt. II	5	9	4	
8	ETD Roorkee	Assistant Engineer	3	4	1	NA ⁵
		Junior Engineers	6	11	5	
9	EDD Vikasnagar	Asstt. Engineer	3	4	1	Dec 2023
		Junior Engineer	6	15	9	
		Office Asstt.II	5	6	1	
10	EDD Rishikesh	Junior Engineer	9	15	6	NA
Posting Status in other urban Field offices			38	66	28	
Total Urban Area posting			104	168	64	
11	EDD Tehri	Junior Engineer	11	15	4	Dec 2023
Total			115	183	68	

⁵ Information Not Available.

Appendix-4.11
(Reference: Paragraph-4.1.8.3; Page 68)

Statement showing deficient deployment of manpower

Sl. No.	Division	Designation/ Post	SS	PIP	Shortfall	Status as on
1.	EDD Kotdwar	Junior Engineer	15	13	2	Sep 2023
		Accountant	2	1	1	
2.	EDD Srinagar (Garhwal)	Asstt. Engineer	6	4	2	Nov 2023
		Junior Engineer	16	9	7	
		Accountant	2	1	1	
3.	EDD Narayanbagarh	Office Asstt. II	17	6	11	NA
		Asstt. Engineer	5	1	4	
		Junior Engineer	15	1	14	
4.	Electricity Civil Division, Haldwani	Accountant	2	0	2	Dec 2023
		Asstt. Engineers	5	2	3	
		Office Asstt. II	4	0	4	
		Junior Engineers	12	4	8	
Total			101	42	59	

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