

Audit Inspection Report on the accounts of State Infrastructure and Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL) I.T. Park Dehradun for the period from April 2014 to March 2016 was carried out in exercise of the power conferred by section 19 of the C &AG, DPC Act 1971 read with section 143 of the Companies Act 2013. The transaction Audit was conducted by Shri Ghanshyam Das Pal, AAO and Shri Ashish Kumar Nigam AAO during the period from 18.4.2016 to 19.5.2016 under the supervision of Shri Sohrab Husain, Sr. Audit Officer.

The Audit Inspection Report has been prepared on the basis of records/data/information made available by the Managing Director, State Infrastructure and Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL) I.T. Park Dehradun. The Office of the Accountant General (Commercial Audit Wing) Uttarakhand will not be held responsible for any incorrect information not made available.

PART-I-A

INTRODUCTORY

The last audit of the SIID CUL was conducted by Shri A.P. Singh, Asstt. Audit Officer and Shri Roshan Lal Sharma under the supervision of Shri Sohrab Husain, Sr. Audit Officer for the period from August 2012 to March 2014. During the present audit, the accounts/records were generally examined

Since last audit to till date of current audit following officers held the charge of the Managing Director and Financial Controller of the Corporation.

Managing Director:

1. Shri Shalesh Bhagoli from 7.2.2014 to till date of audit.

Financial Controller:

- 1- Shri P.C. Khare from 26.12.2013 to 28.12.2014
- 2- Shri Shailendra Shanker Singh from 29.12.2014 to till date of audit.

B) Outstanding paragraphs of previous A.I.Rs

Sl. No.	Period	Part II-A	Part II-B
1.	Since inception to March 2005	1,2,3	1,2,3,4
2.	April 2005 to March 2006	1,2,3,4,5,6,7,8,9,10,11,12	01
3.	April 2006 to March 2008	1,2,3,4,5,6,7,8,9,10,11,12,13 14	1,2,3
4.	April 2008 to March 2010	CCO based review	
5.	April 2010 to September 2011	1,2,3,4,5,6,7,8,9,	1,2,3,4
6.	October 2011 to July 2012	1,2,3,4,5,6,7--	-----NIL-----
7	August 2012 to March 2014	1,2,3,4,5,6,7,8,9,10 &11	1,2, & 3

D) Records not put up: ----- NIL-----

E) Persistent irregularities: -----NIL-----

PART-II-A-REPORT

Para-1: Failure of company to cancel plots as per terms and conditions of allotment resulted in non-allotment of plots to other buyer and consequent loss of ` 16.57 crore to the company as per rate fixed in September 2015.

The main objective of the State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (the Corporation) was to promote Industrial Development and generate additional employment opportunities to bring about a significant increase in the State Domestic Product and eventual widening of resource base of the State. For this purpose, the Corporation provides plots for setting up of industries in its industrial estates. However, as per terms and conditions of allotment of the plot as per policy formulated by the State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (the Company) stipulated that the allottee will have to complete the construction of factory building and also install plant and machinery and to start the commercial production within the time period subject to maximum two years from the date of possession failing which allotment of plot will be cancelled with forfeiture of deposits.

The Company allotted (August 2006) a plot having area of 1033.20 Sq. Meters at the cost of 20.66 lakh (1033.20X 2000) in IT Park, Dehradun to a private company Samtech Info Net Ltd. As per allotment letter (Condition 8) for the plot, possession of the plot should be handed over only after making upto date payment of the plot and execution of lease deed. The allottee also had to give an undertaking that possession of the plot would be taken within 60 days of allotment after executing the lease deed and fulfilling the other requirements.

Audit scrutiny revealed that the Company violating the condition of the allotment letter and ignoring the undertaking given by the allottee, gave possession of the plot to allottee on 31.10.2006 without execution of lease deed. Lease deed was executed on 16.02.2010. The Company sent various notices and reminder calling those notices as final notices for cancellation (since November 2006) to allottee for starting commercial production but the allottee had not taken steps for utilization of plot. Meanwhile allottee constructed the temporary kind of structure (Tin shed). Company directed the allottee to demolish the temporary structure and re-erect the RCC building before 31.03.2013. The allottee requested the Company (03.07.2013) to give time extension of six months (upto 31.12.2013) to complete construction and to start commercial operation. Extension was granted with some conditions interalia stating to submit Bank Guarantee of ` 5 lakhs in favour of Company with

time bound schedule for production and operation. The allottee did not submit bank guarantee and time bound schedule for production and operation to Company. The Company vide its letter dated 28.01.2014 cancelled the allotment and terminated the lease deed and directed the allottee to remove the structure, material (if any) from the plot. The allottee again requested on 08.02.2014 for time extension upto 30.06.2014 for completion and initiation of production/operation. The Company granted extension treating it as special case alongwith some terms and conditions interalia stating to submit bank guarantee of ` 5 lakh in its favour. The allottee furnished Bank Guarantee of ` 500000/ vide letter dated 21.04.2014. The date of issue of Bank guarantee was 3.4.2014 and date of expiry of Bank guarantee was 30.9.2014. Physical inspection (19.4.2016) at site by audit revealed that the temporary kind of structure (Tin shed) was demolished and RCC building was constructed. But no work was started relating to production. During physical inspection it was also observed that work had stopped for the last one year.

Thus it is evident from above that the Company had given undue favour to allottee by not cancelling the allotment of the plot. The company could have cancelled the allotment of plot (@ of 2000 Per Sqm) and re allot to other buyer at the present rate of ` 7500 per Sq. Meter prevailing since September 2015. Thus due to non-cancellation of plot Company suffered a loss of ` 56.83lakh (Rs 7500X 1033.20sqm- ` 2000 X1033.20 sqm= ` 56.83 lakh)

Company having accepted the audit observation stated that, on being pointed out by the audit, a 60 days' notice for cancellation of plot has been issued to the allottee on 7.5.2016.

Since, 60 days has been elapsed, thus it may please be intimated to audit whether plot in question has been cancelled? If so a copy of the same be provided to Audit.

Matter is brought to the notice of higher authority of Company.

(ii) The Company allotted (18 July, 2005) a plot having area of 3235.40 sqm. at the rate of ` 560/- (total cost of the plot was Rs 18.11 lakh) in IIE Pantnagar to M/s Sai Auto Industries plot no. 67 sector 4 for manufacturing of Auto parts. As per the clause no. 2 of the undertaking submitted, the allottee was to take possession of the plot within 60 days of allotment after executing lease and as per the clause no. 3 of undertaking, construction work was to start within 90 days of allotment and also as per condition no. 11 of the terms and condition of the allotment the unit has to establish and start commercial production within 02 years from the date of allotment. Lease deed of the above plot was executed on

26.04.2006 and possession was given to the allottee on 22.05.2006. As the allottee did not start the construction work till May 2011 then in order to judge the status of the plot Regional Manger, SIDCUL visited the site (07.6.2011) and it was found that the allottee has constructed only boundary wall & plinth & thereafter work had stopped. SIDCUL served several notices calling them as final notices for cancellation dated 08.06.2006, 07.07.2006, 21.11.2008, 27.03.2010, 30.03.2011 and 03.03.2016. Despite these notices, nothing was responded by the allottee. In view of the above, it emerged that M/s Sai Auto Industries, was not serious for setting up the industries in the plot, as more than 10 years have elapsed but allottee did not start the construction work. However SIDCUL did not cancel the plot till date (April 2016).

Thus as per terms and condition of allotment of plot, plot should have been cancelled and re-allotted to other buyer at the present rate of ` 6500/ per Sq. Meter, prevailing since September 2015. Thus due to non-cancellation of the above plot SIDCUL suffered a loss of `1.92 crore (3235.40 sqm x `6500= ` 21030100- 3235.40 sqm x `560 = ` 1811824= ` 1.92 crore).

The Company having accepted the audit observation stated (June 2016) that as per terms and conditions of the lease deed 60 days notice for cancellation of plot has been issued to the allottee on 4.3.2016 and 60 days have already elapsed on 03.5.2016. Now case is being submitted for cancellation of plot before the competent authority.

Reply of the Company is not acceptable because as per terms and condition of allotment of plot and lease deed executed the, plot should have been cancelled and allotted to the other buyer. Despite this, 60 days have elapsed, thus it may please be intimated to audit whether plot in question has been cancelled and re-allotted to the other buyer? If so copies of the same be made available to audit

Matter is brought to the notice of higher authority of the Company.

(iii) The Company allotted (22 Sept. 2004) a plot having area of 2100 Sq. Meters at the rate of ` 588 per Square Meter (Psqm) including location charges (total cost of the plot was ` 12.35 lakh) in IIE Haridwar to a private company, (Guari shankar Alloys private Limited). Audit scrutiny revealed that allottee applied (2.01.2005) for transfer of plot without taking possession of the plot which was not considered by the SIIDCUL. But allottee could not start construction of factory building till 5th July 2006, then a final notice for cancellation of

plot was issued by the SIIDCUL to the allottee(6th July 2006) directing that construction of factory building would be started within 15 days from the date of receipt of this notice failing which allotment of plot would be cancelled. It was seen in the audit that allottee, however, did not start the construction of factory building till April 2007, then a notice for cancellation of plot was again issued (1.5.2007). Despite above notices construction of factory building could not be started till November 2007, while, about more than 3 years had elapsed till that point of time from the date of allotment of the plot. Thus, as per terms & conditions of allotment of plot, plot was cancelled by the then Managing Director of the SIDCUL by an order dated 28th February 2008. Since no correspondence is available in the records provided to audit in this regard. Further, plot was physically inspected by the Audit Party and it was seen that plot was lying idle, while, about more than 9 years have elapsed from the date of allotment of the plot. Thus as per terms and condition of allotment of plot, plot should have been cancelled and allotted to other buyer at the present rate of ` 6000/ per Sq. Meter (including location charges) prevailing since September 2015. Thus due to non-cancellation of plot, Company suffered a loss of ` 1.14 crore. (Present cost of plot ` 6000 X 2100 sqm =1.26 crore Allotment cost of the plot= ` 588 X2100sqm=` 0. 12 crore = Loss to the Company ` 1.14 crore).

It was also noticed that allottee has also not been paying maintenance charges since 1st April 2007 resultantly accumulation of maintenance charges of ` 2.18 lakh during the period from April 2007 to December 2015.

Company stated (June 2016) as pointed out by the audit, in order to cancel the plot a 15 days' notice has been issued to the allottee. Reply of the Company is not acceptable because as per terms and conditions of the lease deed 60 days' notice for cancellation of plot should have been issued to the allottee instead of 15 days.

Thus fact remain that due to not cancellation of the plot Company has suffered a loss of ` 2.18 crore.

Matter is brought to the notice of higher authority of the Company.

(iv) The Company allotted (06 January, 2004) a plot having area of 4000 sq.m. at the rate of ` 560/- (total cost of the plot was Rs 22.40 lakh) in IIE Haridwar to Mahindra Seat Covering Pvt Ltd. for manufacturing of seat cover, side box for vehicle, sports bags etc. Above plot

was transferred to Murphy Polymers Pvt Ltd. for manufacturing of corrugated boxes, rolls and printing material, containers etc. on 19 April 2006. Lease deed executed on 27.07.2006 and possession was also given to the allottee on the same date. SIDCUL had issued various notices for cancellation of plot from time to time i.e. 06.07.2006, 17.09.2006, 28.10.2006, and 09.02.2007 and 17.03.2007 and 01.05.2007. . However SIDCUL did not cancel the plot. Further, as per policy SIDCUL again permitted transferring the above plot after charging of levy 15 percent in favour of M/s M &M Industries Ltd. and plot was transferred on 11 September 2012. Possession certificate was issued on 7 November 2012. The plot in question was inspected by the Audit party (April 2016) and it was found that allottee has not started the production while more than 3 years have elapsed from the date of transfer of plot. In the light of above, plot should have been cancelled and allotted to the other buyers @ ` 6000/per sqm prevailing from September 2015, which was not done.

Hence, SIDCUL suffered a loss of ` 2.14 crore (4000 sqm x ` 6000 = ` 24000000 - 4000 sqm x ` 560 = ` 2240000 + 15% levy ` 336000 = ` 2576000 = ` 21424000).

Company having accepted the audit observation stated in its reply that as per terms and conditions of the lease deed final notice for cancellation of plot has been issued to the allottee as pointed out by the audit. Reply of the company is not acceptable because plot should have been cancelled and allotted to the other applicant as various applications were pending for allotment and Company could get additional ` 2.14 crore.

Matter is brought to the notice of higher authority of the Company.

(v) The Company allotted (16 April 2004) a plot having area of 4000 Sq. Meters at the rate of ` 588 per Square Meter (Psqm) including location charges (total cost of the plot was ` 23.52.Lakh) in IIE Haridwar to a private company (partnership firm) M/s Ambience Storages Solutions (P) Pvt. Ltd. C/o Famous Art Group of Industrials.

Audit scrutiny revealed that allottee could not start construction of factory building till 15th December 2005, then a final notice for cancellation of plot was issued by the SIIDCUL to the allottee (16th December 2005) directing construction of factory building would be started within 15 days from the date of receipt of this notice failing which allotment of plot

would be cancelled. It was seen in the audit that allottee, however, had not started the construction of factory building till 2nd February 2006, and then a notice for cancellation of plot was again issued (3.2.2006). Despite of above notices construction of factory building could not be started till 24th February 2008, while about 4 years had elapsed till that time from the date of allotment of the plot. A notice for cancellation of plot was again issued (25th February 2008) to the allottee directing that this is the last opportunity given for starting of production within six months from the receipt of this letter subject to furnishing an undertaking along with bank guarantee of ` 5.00 lakh within 15 days from the receipt of this letter. However, allottee neither submitted bank guarantee as required by the SIIDCUL nor started commercial production as stipulated in the said notice. Allottee took permission/licence as late as on (23 May 2013) from Directorate of Industries, Government of Uttarakhand for manufacturing of the product and starting the production. Thereafter, allottee applied (14.10.2013) for transfer of the plot to M/s Upadrish Reserechem which was considered by the SIIDCUL . SIIDCUL accorded permission (19.10.2013) for transfer of plot to M/s Upadrish Reserechem subject to payment of transfer levy of 15 percent of the current base price i.e. ` 3812.50 per square meter. Plot was transferred to M/s Upadrish Reserechem and possession of the plot was also handed over to him in November 2013. Since, more than two and half years have elapsed but allottee could not start the production till date of audit. Thus as per terms and conditions the allotment of plot was to be cancelled and re- allotted to other buyer at the prevailing rate from September 2015 at ` 6000 per Sq. Meter. Thus due to non-cancellation of plot Company suffered a loss of ` 152.46 lakh (prevailing cost of plot = ` 6000 X 4000 sqm=24000000- initial cost of plot-` 23.52 lakh + amount of transfer levy `24.02 lakh =`1.52.crore

The Company stated that industry was physically inspected and it was found that industry is in production phase. Reply of the Company is not convincing because no supporting document has been provided that industry is in production phase.

Matter is brought to the notice of higher authority of the Company.

(vi) SIIDCUL allotted plot No C-24,C-54,C-55.27 in February 2006 (01 February 2006) having area of 3844.65 Sq. Meters at the rate of ` 450.00 per Square Meter at the cost of `18.17 lakh (including location charges) in Sigaddi Growth Centre - Kotdwar to M/s

Mansarower Apparels (P) Ltd. Kotdwar, for Knitted/ Woven Fabrics and Readymade Garments. Lease deed of the plot was executed on 29.09.2006. As per terms and condition of the lease deed, allottee will have to start the production within 24 months from the date of lease deed. Further, terms and conditions of allotment of the plot as per policy formulated by the State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (the Company) interalia stipulated that the allottee will have to complete the construction of factory building and also install plant and machinery and to start the commercial production within the time period subject to maximum two years from the date of allotment failing which allotment of plot will be cancelled with forfeiture of deposits.

Audit scrutiny revealed that allottee even could not start the construction of factory building in the stipulated period (within 24 months as provided in the lease deed and terms and conditions of the allotment). Thus it was indicated that intension of the allottee was not establish the Industry. Further, scrutiny revealed that allottee could not start the construction of factory building till August 2015. In the meantime SIIDCUL issued several notices for starting the construction of factory building but nothing was responded by the allottee. Then as late as on 22.9.2015 plot of the allottee was cancelled. On cancellation of the plot, allottee requested for restoration of the plot which has been under consideration by the SIIDCUL. Since about 6 months have been elapsed but it has not been decided by the SIIDCUL whether plot in question should be cancelled or restored. It would be observed from the above that allottee was not interested to establish the Industry from the beginning, thus as per terms and conditions of the allotment plot should have been cancelled and allotted to other buyer @ 2000 psqm prevailing since September 2015 which was not done. Thus, there is violation of terms and conditions of allotment and lease deed, besides due to indecision in cancellation of plot, SIIDCUL has suffered a loss of 59.59 lakh ($\text{` 2000} \times 3844.65 = \text{` 7689300}$ - $\text{` 450} \times 1730092 = \text{` 5959207}$)

Company stated in its reply that restoration period has been completed but allottee has not completed the formalities of restoration. Thus above plots are being treated as cancelled from 22.9.2015. These plots will be re-allotted to other buyer @ `2000/ psqm and there will be no loss to the SIIDCUL.

As and when plot is re-allotted to the other buyer, the same may please be intimated to audit. The re-allotment of plot is watched in audit.

Matter is brought to the notice of higher authority of the Company.

(vii) The Company allotted (10 November, 2004) a plot having area of 1800 sq.m. at the rate of ` 560 per sqm (total cost of the plot was Rs 10.18 lakh) in IIE Haridwar to M/s AmbizHealthcare for manufacturing of allopathic medicine. Since allottee requested (26.10.2005) to the SIIDCUL for change the name from Ambiz Healthcare to Simplex Healthcare Pvt. Ltd. Considering the request of the allottee, SIIDCUL changed his name from Ambiz Healthcare to Simplex Healthcare Pvt. Ltd.

Scrutiny of relevant records revealed that allottee has not started the construction of factory building till May 2007. SIDCUL issued a notice for cancellation of plot on 1 May 2007. As per report of Regional manager IIE Haridwar the plot was lying vacant in January 2008. Thus plot is vacant till date (April 2016).

Thus it would be observed from the above that allottee was not interested to establish the industry. Thus as per terms and conditions of allotment letter plot in question should have been cancelled and allotted to the other buyer at present rate of ` 6000 psm prevailing since September 2015. Thus due to non cancelling of plot SIDCUL suffered a loss of ` 97.92 lakh $(1800 \times 6000 = 10800000) - (1800 \times 560 = 1008000) = `9792000$).

Company stated in its reply that various notices had been issued to the allottee for cancellation of plot. Now survey is being conducted whether production has been started by the allottee or not. After survey if it is found that allottee has not started the production as per terms and condition of the allotment, the action for cancellation of plot would be taken up. Reply of the Company is not convincing because as per report (April 2016) of the J.E. no production has started and unit was locked up. Thus as per terms and conditions of allotment of letter and lease deed executed of the plot, plot in question should have been cancelled and allotted to the other buyer at present rate of ` 6000 psqm prevailing since September 2015. Thus fact remains that due to non cancelling of plot SIDCUL suffered a loss of ` 97.92 lakh $(1800 \times 6000 = 10800000) - (1800 \times 560 = 1008000)$

Matter is brought to the notice of higher authority of the Company.

(viii) SIIDCUL allotted a plot No.27 in sector 2 (13 January 2004) having area of 3825 Sq. Meters at the rate of ` 560 per Square Meter Psqm at the cost of ` 21.42 lakh in IIE Haridwar to a private company, (M/s Automotive Industry , New Delhi) for manufacturing

of Automotive Gaskets. Allottee deposited 50 percent land premium of ₹ 9.71 lakh on 21.9.2004. On the request of allottee name of the allottee was changed as “M/s Fleet Gaskets Co”. Lease deed of the plot was executed on 6.7.2006 and physical possession of the plot was also handed over to the allottee on the same date.

Audit scrutiny revealed that as the allottee could not start the construction despite elapse of 22 months from the date of allotment, then the Managing director of SIIDCUL cancelled the plot vide its letter dated 27.10.2005. Despite of it, SIIDCUL again issued final notices for cancellation of plot on 28.10.2006 and on 8.8.2014. Plot was physically inspected by the J.E. on 5.8.2014 and as per records of report of the J.E, factory building was completed but no machinery was installed in the building for production. Thus as per terms and condition of allotment of plot, plot should have been cancelled and allotted to other buyer at the present rate of ₹ 6000/ per Sq. Meter prevailing since September 2015. Thus due to non-cancellation of plot Company suffered a loss of ₹ 2.08 crore (Present cost of plot ₹ 6000 X 3825 sqm = ₹ 22950000 - Allotment cost of the plot of ₹ 2142000 = Loss to the Company ₹ 20808000). Further, allottee has also not deposited the balance 50 percent land premium of 12.42 lakh (including interest thereon) till date of audit (April 2016 while it should have been deposited in four half yearly instalments from the date of allotment). Thus it would be observed from the above that due gross negligence on the part of SIIDCUL, plot in question could not be cancelled. As per terms and conditions of allotment of plot and lease deed executed of the plot, plot should have been cancelled and allotted to other buyer at the present rate of ₹ 6000/ per Sq. Meter prevailing since September 2015. Thus due to non-cancellation of plot Company suffered a loss of ₹ 2.08 crore (Present cost of plot ₹ 6000 X 3825 sqm = ₹ 22950000/- Allotment cost of the plot of ₹ 2142000 = Loss to the Company ₹ 20808000).

Management of the Company having accepted the audit observation stated (June 2016) that allottee has completed the construction of Factory Building, however final notice for cancellation of plot has been issued to allottee. Reply of the Company is not acceptable because plot in question was allotted in January 2004, since more than 12 years have elapsed, however, production has not been started by the allottee, thus plot should have been

cancelled which was not done. Thus, due to negligence on the part of the management, the Company suffered a loss to the extent of ` 2.08 crore.

Matter is brought to the notice of higher authority of the Company

(ix) The Company allotted (28 Sept. 2010) a plot having area of 4000 Sq. Meters at the rate of ` 3812.50 per Square Meter (Psqm) plus 5% location charges (total cost of the plot was ` 160.012 lakh) in IIE Haridwar to a private company, (SBL Industries pvt. Limited, New Delhi) for manufacturing of (i) Light Guide Plate Technology (ii) Led Lightening Apparatus and (iii) 3 D printing Technology and physical possession of the plot was handed over to the allottee on 4.11.2011, however possession certificate was issued on 17.11.2014 i.e. about after 3 year from the date of physical possession.

Plot was physically inspected by the Audit party and it was found that plot was used for the purpose of store. Thus factory building has not been constructed for the purpose of installation of plant and machinery. Thus about more than 4 years have elapsed even construction of factory building has also not been started till date. While as per terms and conditions of the allotment of plot production should have been started within two year from the date of physical possession of the plot. Further, it was also observed that no notice for cancellation of plot was issued to the allottee in this regard. Thus as per terms and condition of allotment of plot, plot should have been cancelled and allotted to other buyer at the present rate of ` 6000/per Sq. Meter (including location charges) prevailing since September 2015. Thus due to non-cancellation of plot Company suffered a loss of ` 91.87 lakh (Present cost of plot ` 6000 X 4000 sqm=24000000 crore + 5% location charges i.e. ` 1200000= ` 25200000- Allotment cost of the plot= ` 1.60 crore = Loss to the Company ` 92 lakh). Thus it would be observed from the above that due gross negligence on the part of SIIDCUL, plot in question could not be cancelled, consequently SIIDCUL suffered a loss of ` 92 lakh.

Company stated (June 2016) that this plot is being used as ware house without getting permission from the SIIDCUL. Now allottee has applied for permission for using this plot as warehouse, if permission is not accorded by the competent authority then action for cancellation of plot would be taken.

Reply of the Company is not acceptable because plot was allotted for manufacturing of (i) Light Guide Plate Technology (ii) Led Lightening Apparatus and (iii) 3 D printing Technology and physical possession of the plot was handed to the allottee on 04 November 2011. Since more than 4 years have been elapsed, however, plot was vacant till July 2014. Thus as per terms and conditions of allotment and lease deed, the plot should have been cancelled and allotted to other buyer.

Matter is brought to the notice of higher authority of the Company.

(x) The Company allotted a plot no.C-26 having area 1098sq.m. at the rate of ` 450/- per sq.m. vide allotment letter No. 470/SIDCUL/PRJ-Growth Centre-Kotdwar/1247,dated-01/02/2006 (total cost of the plot was ` 5.10 lakh) in Growth Centre Sigaddi, Kotdwar to M/s Puja Enterprises for manufacturing of F.M.C.G.(Tomato Ketchup).Lease deed of above plot was executed on 26/07/2006.

Audit Scrutiny revealed that allottee has not started the construction of factory building till April 2016 while more than 10 years have elapsed and plot in question is vacant. Company issued several notices to the allottee for starting the construction of factory building. But allottee ignoring the notices, construction of factory building had not been started till date of audit. While as per terms and conditions of the allotment letter of the plot, plot should have been cancelled and allotted to other buyer at the present rate of ` 2000- per sq. m. Prevailing since September 2015.Thus due to non-cancellation of the plot the Company suffered a loss of Rs 17.56 lakh (Present cost of plot `2000x1133sq.m. = `22.66lakh, Allotment cost of plot `450x1133sq.m. = 5.10lakh=Loss the Company of ` 17.56 lakh).

Company having accepted the audit observation stated that on being pointed out by the audit as per terms and condition of the lease deed, a 60 days' notice for cancellation of plot has been issued to the allottee on 14.6.2016. After completion of 60 days, plot would be cancelled and same will also be re-allotted to other at buyer the present rate ` 2000/psqm.

Reply of the Company is not acceptable because more than 10 years have elapsed from the date of allotment, thus as per terms and conditions of the allotment letter and policy of the Company plot should have been cancelled and re-allotted to the other buyer.

However, cancellation of plot would be watched in audit.

Matter is brought to the notice of higher authority of the Company.

(xi) The Company allotted (01 February, 2006) a plot having area of 2266 sq.m. at the rate of ` 450 per sqm (total cost of the plot was Rs 10.19 lakh) in Siggaddi Growth centre Kotdwar to M/s Nishant Joshi for assembling of computer. There after allottee changed his project from computer assembling to Horticulture. Possession certificate was issued on 14 July 2006.

Scrutiny of relevant records revealed that allottee has setup only 5% covered area while as per SIDA guidelines 25% area should be covered by allottee. As the allottee could not cover the required area of plot, SIDCUL issued various notices for cancellation of plot from time to time i.e. 18.06.2007, 19.09.2007, 20.11.2007, and 04.09.2013. SIDCUL also issued a letter on 07 Sep 2013 & 25.05.2015 for demand of Maintenance Charges of ` 2.83 lakh and lease rent of ` 1.19 lakh. Allottee responded nothing in this regard. However SIDCUL did not cancel the plot.

Thus, it would be observed from the above that allottee was not interested to establish the industry from the beginning. Thus, as per terms and conditions of allotment letter and lease deed executed (31.05.2006) with allottee, plot in question should have been cancelled and allotted to the other buyer at present rate of ` 2000 psm. prevailing since September 2015.

Thus due to non-cancelling of plot, SIDCUL suffered a loss of ` 35.12 lakh (2266x2000=4532000)- (2266x450=1019700).

Company stated that on being pointed by audit, and as per terms and conditions of lease deed executed, a 60 days' notice for cancellation of plot has been issued to the allottee. After cancellation of plot, it would be re-allotted to the other buyer at prevailing rate `2000/psqm. Reply of the Company is not convincing because more than 10 years have elapsed from the date of allotment, however, plot has not been cancelled till date, even allottee has also not been paying maintenance charges and lease rent. Thus fact remains that Company suffered a loss of ` 35.12 lakh due to not cancelling the plot.

Matter is brought to the notice of higher authority of the Company.

(xii) The Company allotted (February 2009) a plot having area of 550 Sq. Meters at the cost of 34.37 lakh (550X6250) in IT Park, Dehradun to a private company M/s Leo VII& Raising Sons Films Pvt.Ltd. for setting of a I.T. Projects.

Scrutiny of records revealed that allottee is not serious to set up the project, as after 86 months of allotment allottee could not start the construction and plot is vacant till date April 2016. While as terms and condition of the allotment of the Plot, production was to be started within two years from the date of allotment. Thus, it is evident from above that SIDCUL had given undue favour to allottee by not cancelling the allotment of the plot. SIDCUL could have cancelled the allotment of plot and re-allotted to other buyer at the present rate ` 7500 Sqmts. Thus due to non-cancellation of plot, SIDCUL suffered a loss of ` 6.87 lakh (Rs 7500X550Sqmts-`6250X550 Sqmts=6.87 lakh).

Company confirming the fact of audit observation stated that plot is still vacant. In order to cancel the plot, a 60 days' notice has been issued to the allottee on 7th May 2016, on expiry of 60 days plot would be treated as cancelled. Reply of the company is not convincing because more than 7 years have been elapsed, however, plot has not been cancelled.

Matter is brought to the notice of higher authority of the Company

(xiii) Scrutiny of records revealed that company allotted two plots (plot No.B-5 & plot No.B-6 having area of 550.00 Sqm at the cost of 34.37 lakh (550 X 6250=3437500) and having area 290 sqm at the cost of 18.12 lakh (290 X 6250= 18.12 lakh) in IT Park Dehradun in June 2012 and February 2012 respectively to a private company (Mark One Info Media Pvt. New Delhi). Possession Certificate was received by the allottee in December 2012. Further, scrutiny revealed that allottee has not even started the construction work and plots in question are vacant till date of audit (April 2016) While about 4 (four) years have elapsed from the date of allotment of plots. Vigorous pursuance was being made with allottee for starting the construction work and to start Software development & Hardware training as proposed in the application for allotment.

Thus it is evident from the above that allottee is not interested to complete the project. Thus it is evident from above that the Company had given undue favour to allottee by not cancelling the allotment of the plots. The company could have cancelled the allotment of plots (@ of 6250 Per Sqm) and re allot to other buyer at the present rate of ` 7500 per Sq.

Meter. Thus due to non-cancellation of plots Company suffered a loss of ` 10.50 lakh
` 7500 X840 – ` 6250X840= `10.50 lakh.

Company having accepted the audit observation stated that as pointed out by the audit action for cancellation of plot is being taken .Cancellation of plot would be watched in audit. Matter is brought to notice higher authorities of the Company.

(xiv) The Company allotted (18 Dec, 2004) a plot having area of 3600 sq.m. at the rate of ` 560/- with location charges (total cost of the plot was ` 21.168 lakh) in IIE Haridwar to Zile Singh Meharwal for manufacturing allopathic and ayurvedic drugs.

Audit scrutiny revealed that allottee applied (17.10.2005) for change of name of the plot holder in records from Zile Singh Meharwal to Transcontinental Healthcare (P) Ltd. Later on allottee failed to pay demand money as on 01/Dec/2006 and the company issued a final notice for cancellation of plot on 03/Feb/2007 and asked the allottee to submit the amount on or before 17/Feb/2007 and stated that failing this action for cancellation shall be taken as per policy of corporation. As per records produced to audit, allottee has not started the production till date of audit (May 2016). While more than 11 years have elapsed from the date of allotment of the plot.

Thus as per terms and conditions of allotment, plot should have been cancelled and allotted to other buyer at the present rate of ` 6000 per sq. m.(including location charges) prevailing since September,2015.Thus due to non cancellation of plot, Company suffered a loss of ` 1.95 crore(Present cost of plot ` 6000x3600sq.m.=2.16crore- allotment cost of plot ` 588.x3600 sq.m.=0.21168crore=Loss to the company = ` 1.94832 crore).Further, it was also noticed that allottee has also not paid maintenance charges since 01/04/2007 resulting in accumulation of maintenance charges of Rs 5.60 lakh during the period from April 2007 to Dec/2015.

Company stated that final notice for cancellation of plot has been issued to the allottee on April 2016.

Reply of the Company is not acceptable because more than 11 years have been elapsed from the date of allotment, thus as per terms and conditions plot should have been cancelled and same should have been allotted to other buyer

Matter is brought to notice of higher authorities of the Company.

(xv) A shareholders' agreement was made between State Industrial Development Corporation of Uttarakhand Limited (now Uttarakhand) and IDEB Projects Pvt. Ltd. forming SIDCUL IDEB Project Private Limited on 21st August 2006. As per terms of Section 8.3 of this agreement regarding allotment of land inter alia provides that SIDCUL will allot on a lease hold basis approximately 4 acres land to the Joint Venture Company @ ₹ 2000 per square metre to the IDEB for development of Doon Cyber Tower Project. Cost of the plot was ₹ 3.36 crore in IT Park, Dehradun to a JV of SIDCUL and IDEB for development of Doon Cyber Tower deposit the 50 percent amount of the plot within 30 days from the date of allotment i.e. instalments along with interest prevalent on the date of allotment. Further, terms and conditions of allotment of the plot as per policy formulated by the State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (the Company) stipulated that after payment of 50% of land premium amount at the time of allotment and remaining 50% of the amount shall be paid by allottee in four half yearly instalments along with interest as prevalent on the date of allotment. The first instalment shall be due on 01/07/2007. (The interest rate being @ 12% per annum shall be payable on the balance premium with effect from the date of the allotment letter no. 5329/SIIDCUL/IT park/1898 dated 02/02/2007. In case of timely payment rebate in interest @ 3% shall be allowed).

Thus, as per terms and conditions of the allotment of the plot, the whole amount of the plot should have been paid by the allottee by January 2009. Scrutiny of records revealed that allottee is not serious to set up the project and the project is in arbitration. It was also noticed that ₹ 1.13 crore were balance against the allottee as of 29/06/2009 but since no correspondence was made with IV (allottee) for realisation of outstanding land premium. While about since 9 years have been elapsed. Resultantly, interest of ₹ 0.92 crore* has also accrued on the outstanding land premium. Thus it would be observed from the above that due to negligence on the part of SIIDCUL, dues of ₹ 2.05 crore could not be recovered.

Initial reply to the para has not been furnished by the Company.

* Interest = $1.13 \times 6.75 \times 12/100 = 0.92$ crore, Amount = ₹ 1.13 crore, no. of years = 6.75 (29/06/2009 to 31/03/2016), interest rate = 12%

Para 2: Loss due to non-recovery advance of ` 55 lakh from Secretary Sports Youth Welfare of Rajeev Gandhi International Sports Stadium and Sports Complex Society.

Secretary Sports & Youth Welfare & Sports, Government of Uttarakhand requested (9.11.2012) SIIDCUL for providing ` 5.00 lakh for meeting out the expenditure of inauguration of Rajeev Gandhi International Sports Stadium and Sports Complex. SIIDCUL considered the request of the Secretary and decided that this amount might be given as an advance. Accordingly SIIDCUL provided this amount as an advance of ` 5.00 lakh to secretary vide cheque dated 27.11.2012.

Society further requested SIIDCUL for providing ` 50.00 lakh for its day to day activities and office recurring expenditure under CSR activities. The above proposal submitted by the society was put up before the Board by the SIIDCUL. Board discussed this proposal and decided that recurring expenditure cannot be considered under CSR activities. However, an advance of ` 50.00 lakh might be provided to the society for day to day expenditure subject to condition that this amount of advance would be refunded back by the society before 31 March 2014 to the SIIDCUL. Accordingly SIIDCUL made payment of ` 50.00 lakh/ vide cheque dated 31.10.2013. Thus SIIDCUL has given aggregating an advance of ` 55.00 lakh.

Audit scrutiny revealed that advance in question has not been refunded by the society till date of audit (May 2016) while more than two years have elapsed from scheduled date of refund of advances. It was also noticed that SIIDCUL has not been made any correspondence for refund of these advance. Thus possibility of recovery of this advance is remote.

Company stated that vigorous pursuance is being made with the society for refund of advance since schedule date of refund of advance but nothing has been responded by the society. As and when amount of advance is refunded by the Society, same will be intimated to the audit.

Reply of the Company is not acceptable because chances of recovery advance is bleak as no safeguard has been taken by Company at the time of giving the advance to the Society.

Matter is brought to the notice of higher authority of the Company.

PART-II-B-REPOET

Para: 1- Non-recovery of land premium from the allottees - ` 51.31 crore.

SIDCUL decided to allot the plots for development of Housing Sector at IT Park Dehradun. Accordingly in order to allot these plots, bids were invited from the pr/ospective bidder with submission of last date as 21.03.2013 and opening date of bid as on April 02, 2013.

As per terms and conditions of the bid, the bidder shall be required to pay 10% of land premium of the plots as EMD at the time of submission of Bid, 30% payment to be made within 90 days from LoA. Balance 60% land premium to be paid in 10 equal half yearly instalment. On opening of bids it was found that rate quoted by M/s GTM Builders and Promoters New Delhi was higher than the other bidders (i.e. Rs 12000/psqm.) thus SIIDCUL decided to allot the plot to M/s GTM. Company @ `12000/psqm. Company allotted the plots R3 & R4 having area of 4.626 Sqm at the cost of ` 22.46 crore in June 2013 (17.6.2013) to GTM Builders and Promoters New Delhi.

As per condition No. 7 of letter of allotment for developer balance of the premium amount shall be payable in 10 equal half yearly instalments in 5 years with interest @ 15% p.a. Failure to make payment in time will be treated as a default by the successful bidder and would amount to cancellation in addition to interest @ 18%. Further, condition No.21 of the allotment letter interalia provided that possession of the allotted plots shall be handed over to the developer after execution of lease and registration of lease deed. However, violating the condition No.21 of allotment letter possession of the plots was handed over without execution of lease deed on 26th June 2013. Lease Deed of the allotted plots was executed as late as on 07 November 2014. The allottee paid `2.30 crore (10% of Total premium) as EMD and ` 6.92 crore (30% of the Total Premium) Aggregating to ` 9.22 crore which was paid till June 2013. It was also noticed that since allottee was not regular in payment of instalments as provided in the letter of allotment, resultantly dues amounting to ` 6.53 crore have

accumulated against the allottee. Thus action as provided in the allotment letter should have been taken against the allottee which was not done. Thus land premium of ` 6.53 crore could not be recovered due to violation of terms and conditions of the allotment letter.

Company having accepted the audit observation stated that on being pointed out by audit vigorous efforts were made with allottee to recover the outstanding amount of land premium, resultantly allottee made payment of ` 1.10 crore and ` 5.43 crore is still pending against the allottee. As and when balance amount of land premium is received from the allottee the same would be intimated to audit.

Recovery of outstanding amount of land premium would be watched in audit.

Matter is brought to the notice of higher authority of the Company.

(ii) SIDCUL decided to allot the plots for development of Housing Sector at Integrated Industrial Estate, Pantnagar (IIE Pantnagar). The Sector was divided in two plots i.e. plot A & plot B having area 47.27 acres each. Accordingly in order to allot these plots, bids were invited from the prospective bidders with submission of last date being 9.5.2006 and opening date of bid as 19.5.2006.

Clause 5.0 of Bid Document submitted by the bidder (M/s Assotech Supertech) regarding payment plan provides as under:

- a) The bidder shall be required to pay 10% of the total reserve premium of the plot as **Earnest Money in the form of bank guarantee** at the time of submission of this bid.
- b) Within 2 days of opening of the financial bids the highest bidder will replace his guarantee with demand draft of an amount equivalent to the 10% of the bid amount, failing which the guarantee will be called on and the money forfeited.
- c) The successful bidder shall then be required to pay Reservation Money, 15 percent of the total premium of the plot within 30 days from the date of issuance of letter of award along with interest @ 18 percent (with rebate of 3 percent on timely payment) Failure to make the payment of Reservation Money in time from allottee would tantamount to default and lead to cancellation of the letter of award and allotment without any further notice to this effect.
- d) The successful bidder shall be required to pay the entire balance of 75 *per cent* in 36 equated monthly installments calculated @ 18 *per cent* p.a. from the date of

allotment. Installment will fall due from the beginning of next month after the issuance of letter of award by the SIIDCUL to the successful bidder. Failure to make payment in time will be treated as default by the successful bidder and would tantamount to cancellation in addition to interest payment above.

- e) In case of 100% payment within one month from the issuance of letter of award, a rebate of 1% shall be admissible on the entire land premium.

Clause 8.1 regarding extension of time stipulates that extension for depositing reservation money, shall not be allowed under any circumstances. In case of default, the allotment offer shall be cancelled without any further notice and the amount equivalent to earnest money shall be forfeited.

The Bids submitted by the prospective bidders were opened on 19.5.2006 and it was found that rate quoted by M/s Assotech -Supertech (a joint Venture) in its bid of ` 4051 per Sq. Meter for plot A was higher than from the other bidders. Accordingly M/s Assotech-Supertech was declared as successful bidder and plot-A-land measuring about 172171.521meters at the cost of ` 69.75 crore was allotted to him on 30.5.2006. On being made the allotment of plot 'A' in favour of M/s Assotech-Supertech, a letter of award was also issued on 30.5.2006. Thus as per bid submitted by bidder it was obligatory to deposit ` 6.98crore at the time of submitting the bid (9.5.2006) as Earnest Money and Rs 10.46 crore within one month from the date of issuance of Letter of award i.e. by 29.6.2006 as Reservation Money. Thus aggregating ` 17.44 crore were compulsorily to be deposited by the allottee by 29.6.2006 failing which allotment of the plot was to be cancelled. This amount was not concerned with the handing over of possession of the plot or execution of lease deed. Possession of the plot was given to the allottee on 31.7.2006. Thereafter Lease Deed was executed by SIDCUL on 27th August 2007.

As per lease deed executed whole amount of land premium of ` 69.74 + interest was to be deposited by the allottee till 1.5.2009. It was also mentioned in the lease deed (condition No. IV) that in case allottee fails to deposit the land premium along with interest in the stipulated period than lease deed will be terminated and whole amount deposited by the allottee will be forfeited..

It was noticed that allottee deposited the EMD & Reservation Money in the stipulated period but he was defaulter in payment of balance land premium (75%) since beginning, consequently, allottee paid land premium of 34.72 crore only against land premium of 69.74 crore only till 30.4.2009 i.e. schedule date of payment and allottee paid total amount of land premium of ` 42.28 crore till may 2016. As per records provided by the SIIDCUL amount land premium of ` 27.47 crore and amount of interest of ` 6.69 crore aggregating ` 34.16crore was outstanding against the allottee as of May 2016. It would be observed from the above that allottee has deposited about 50% amount of land premium while 7 years have been elapsed from the scheduled date of payment of land premium. Thus as per provision of lease deed executed with the allottee, lease deed should have been terminated and amount deposited with the allottee should also have been forfeited which was not done. Thus due to not taking actions as per condition No IV of the lease deed, dues of ` 34.16 crore could not be recovered.

Company having accepted the audit observation and stated that case is pending in the honourable High Court, and action would be taken as per decision of the court.

Recovery of the land premium would be watched in audit.

Matter is brought to the notice of higher authority of the Company

(iii) SIDCUL decided to allot the plots for development of Housing Sector at IT Park Dehradun. Accordingly in order to allot these plots, SIDCUL invited bids from the prospective bidders vide advertisement dated 18.02.2013. On opening of bid, it was found that the rate quoted by M/s G.R. Realcon Private Limited, Sikka House, New Delhi vide their bid (4.4.2013) was ` 19215 psm which was higher than the other bidders and same was accepted by the SIIDCUL..On accepted the bid, a Letter of Award (LOA) was issued to the allottee on 04.06.2013. Thereafter, a letter of allotment of land was issued to the allottee on 18.6.2013. As per allotment letter cost of the plot was ` 34.99 crore..Condition No.6 & 7 of the allotment letter interalia provided as under:

The allottee shall pay 30 percent of total land premium of the plot within 90 days from the date of issue of Letter of Award (LoA), failure to make payment would tantamount to default and lead to cancellation of letter of award and allotment without any further notice

to this effect. Balance of the premium amount shall be payable in ten half yearly installments in 5 years with interest @ 15% p.a. Failure to make payment in time will be treated as default by the successful bidder (allottee) and would amount to cancellation of in addition to interest @ 18%..After having made the payment 40% of the total premium ie, 13.99 crore, lease deed of the plot was executed on 28.02.2015.It was not in the records that when was possession of the plots given to the allottee (a copy of possession certificate be provided to audit).

It was noticed that allottee is defaulter in payment of instalments since first instalment resultantly dues amounting to ` 11.72 crore have been accumulated against the allottee till May 2016..While it is clearly mentioned in the condition No.6 of the allotment letter that failure to make payment would tantamount to default and lead to cancellation of LoA and allotment without any further notice this effect. Thus as per terms and conditions of the allotment of plots, plots should have been cancelled and all dues with 18 percent should also have been recovered. Thus it is evident from the above that due to violation of terms and conditions of the allotment letter and lease deed dues of ` 11.72 crore could not be recovered.

Company having accepted the audit observation stated that since allottee has deposited ` 58.48 lakh, for recovery of balance amount of land premium with 18% interest vigorous pursuance is being made with the allottee. As and when balance amount is recovered from the allottee the same would be intimated to audit.

Matter is brought to the notice of higher authority of the Company.

Para: 2- Unfruitful expenditure due to execution of Civil Works which are not related to IIEs of SIDCUL` 102.70crore.

SIDCUL was incorporated as a public Ltd. Company in the year 2002 under the Companies Act, 1956 with the approval of Cabinet on 22.04.2002. SIDCUL was formed to cater to the need of industries under one roof and fast decision-making on the various aspect of industrialization through an independent Board of Directors of the Company. The main role of SIDCUL is to develop the industrial infrastructure in the various Industrial Estates located at the different places of the State and to earn profit being commercial organisation.

The objectives and the area of operations of SIDCUL were well-defined by the Cabinet, which include the development of Industrial Estates and Industrial Parks and also get transferred in its name all the Industrial Estates and industrial areas owned by UPSIDC and Director of Industries respectively. In addition to this, it was also decided by the Cabinet that State Govt. will create the land bank of all such lands which have potential to be developed as industrial areas and such land shall be transferred to SIDCUL.

SIDCUL so far has developed following six Industrial Estates:-

- Integrated Industrial Estate at Haridwar.
- Integrated Industrial Estate at Pantnagar.
- Pharma City at Selaqui, Dehradun.
- I.T.Park at Dehradun.
- Growth Centre at Siggadi, Kotdwar.
- ELDECO-SIDCUL Industrial Park at Sitarganj (Joint Venture project with ELDECO).

Out of the above, the land of Sitarganj has already been transferred in the name of SIDCUL through conveyance deed by Industrial Development Department. But, the lands of the remaining Industrial Estates are in the name of the State Govt. and SIDCUL has been given the possession of the land to develop the Industrial Estates with the management right. Exercising the given powers, SIDCUL has developed the Industrial Estates and the land has been allotted to the various industries and their Lease-Deeds have been executed to the user industries. The land premium on account of land allotted to the Industrialists in the IIEs on lease basis is revenue of the Uttarakhand Government except IIE, Sitarganj Accordingly this

amount is being shown as Liability towards GoU by the SIIDCUL in their account. The amount of liability on account of Land Premium was ` 873.02crore as on 31 March 2016 after making the payment to the State Govt. on account of transfer of land in the name of SIIDCUL of ` 1002.30 crore. However, land has not been transferred in the name of the SIIDCUL.

During the audit, it was noticed that various Civil Works (detail of such works is in the enclosed annexure) involving financial implication of ` 102.70 crore were carried out are being carried out by the SIIDCUL on the declaration of Chief Minister of Uttarakhand. While these works are not related to Industrial Estates of the SIIDCUL These works were carried out/ are being carried on the deposit basis through UPRNN (A Nigam of Utter Pradesh Government) and PWD of Uttarakhand. Since these works are not related to the IIEs of the SIIDCUL, thus amount of expenditure should be treated as payment to the State Government which was not done.

Thus it would be observed from the above that there was unfruitful expenditure of ` 102.70 crore due to execution of Civil Works which were not related to IIEs of SIIDCUL.

In turn Company having accepted the audit observation stated that SIIDCUL will place the agenda before the SIIDCUL Board regarding settlement of expenditure on these types of works at time of final settlement of assets between SIIDCUL and State Government.

Further, scrutiny of records revealed that so far SIDCUL has made the payment to Govt. of Uttarakhand of ` 1002.30crore on account of land which is in the name of GoU and the same is being allotted to different industries as Nodal Agency. The SIDCUL has also worked out the amount payable to the Govt. of Uttarakhand on account of land in question. As per own estimation of SIDCUL the total amount of land premium as per circle rates which is payable to the GoU is ` 452.73 crore less amount already paid to the GoURs.crore. Thus SIDCUL has made the payment in excess to the land premium of ` 549.57 crore. Besides, SIDCUL has also invested huge amount in the development of District Udham Singh Nagar and Sitarganj on account of construction/, reconstruction, widening, strengthening and maintenance of various roads and City Park in Udham Singh Nagar and Sitarganj on the

directions of GoU. However, this land has not been transferred in the name of SIDCUL by the GoU so far (May 2016)

Audit observed that SIDCUL is a commercial organization and for its existence transfer of land is essential.

Company stated that SIDCUL has paid ` 1002.30 crore to the State Govt. as on account cost of land from time to time as per the demand raised by State Govt. but the land has not yet been transferred by the State Govt. in favour of SIDCUL. The decision regarding the transfer of land is yet to be taken by the Govt. In this regard a meeting was convened in the office of Secretary (Finance), Govt. of Uttarakhand in the month of March 2016 to discuss the issues regarding transfer of land to SIDCUL by State Govt. and settlement/adjustment of the dues against the amount paid by SIDCUL. As per the discussion held the modalities of transferring the various assets developed by the Corporation for industrial purpose in the State are under process. As and when decision in this regard will be taken by the Government, the same will be intimated to the audit.

Matter is brought to the notice of higher authority of the Company.

Para:3- Corporate Governance

Corporate governance is the system by which companies are directed and controlled in the best interest of the shareholders and others to ensure greater transparency and better and timely financial reporting. The Board of Directors is responsible for the governance of the companies. According to Section 173 (1) of the companies Act, 2013 “ every company shall hold the first meeting of the Board of Directors within 30 days of the date of its incorporation and thereafter hold a manner that not more than one hundred and twenty days shall intervene between two consecutive of the Board”. It has also provided in Companies Act that every company, a meeting of its Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in every year. Further also Board of the Company in its 38th meeting held on 27.09.2013, decided that minimum one meeting should be held every two months.

During the examination of Minutes Book of the meeting of Board of Directors it was noticed that 3 meeting were held during 2 years from 01 April 2014 to 31.03.2016. (Meeting were held on 24.12.2004, 08.06.2015 and 28.10.2015) instead of 8 meetings during the above period.

Due to non-holding of the regular Board meeting as envisaged in the companies Act, and clause 46 (a) of the Article of Association of the Company, the scheme sponsored by the Central and State Govt. could not be monitored/completed as per terms and condition of the sanction orders.

Company having accepted the Audit observation and stated that observation of Auditors has been noted for future compliance.

Matter is brought to the notice of higher Authorities of the company.

Para:4- Possession of the plot was given without execution of lease deed consequently blockade of revenue of ` 4.53 crore, resultantly loss to the Uttarakhand Government exchequer of ` 3.17 crore by way of interest.

The terms and conditions of allotment of the plot as per policy formulated by the State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (the Company) stipulated that possession of the plot will have to be handed over after execution of lease deed. The Company allotted (August 2006) a plot having area of 469452 Sq. Meters @ 1000.00 Sqm, total cost of the plot was ` 46.95 crore in IIE, Haridwar, to a private Company M/s Hero Honda Motors Limited, Vasant Vihar, Delhi. Further, Condition Number 6 & 8 of the allotment letter intealia provides that:

6- The stamp duty, registration charges and legal expenses involved in the execution of lease deed will have to be borne by the allottee.

8- The possession of the plot shall be handed over only after execution of lease deed.

Audit scrutiny revealed that without executing lease deed, possession of the plot was handed over on 9.9.2006. Commercial production was started on (date may be given) by the allottee. Thereafter, SIIDCUL issued a notice to the allottee for execution of lease deed on 2 November 2012 (i.e. after more than 6 years from the date of allotment) stating that as per G.O. dated 3 June 2005, Stamp Duty will be levied on current base price i.e. ` 3812.50. It was also stated that issue regarding Stamp Duty had also been referred to the Sub-Registrar, Haridwar vide letters dated 19.12.2011 and 5.10.2012 but Sub-Registrar had not responded. In response to the above referred letter M/s Hero Moto Corp Ltd. responded vide its letter dated 12.11.2012 for execution of lease deed of the plot allotted to it and stated that as per notification dated 21st January 2005 that value of Stamp Duty has to be calculated at the actual sale price i.e. @ ` 1000.00 per sqm Meter not at the current base price of ` 3812.50 per Sq. Meter. In this regard SIIDCUL also took legal opinion from Shri Vipul Sharma, Advocate, High Court of Uttarakhand. He opened that Stamp Duty should be calculated on the current base price i.e. of ` 3812.50 persq.meter. Thereafter, SIIDCUL referred the issue regarding calculation of Stamp Duty to Sub-Registrar, Haridwar in February 2014 (15.02.2014) stating that land was allotted to M/s Hero Moto Corp in 2006 at the rate of 1000 psqm.. The total value of the plot was ` 86.70 crore. At present base price (sale price)

of the land is ` 3812.50 per square meter. Sub-Registrar, intimated vide its letter dated 17.2.2014 that as per provision of G.O. NO. 290/XXVII (9/2010/Stamp-1/2005 dated 24.12.2010 Stamp Duty to be calculated /levied on actual price fixed by the SIIDCUL i.e. ` 1000.00 per square meter Accordingly, lease deed was executed on 17 February 2014 at the actual allotment value of the plot i.e. for ` 1000 per square meter not at current base price of ` 3812.50 per square meter. M/s Hero Moto Corp paid stamp duty of ` 4.53 crore.

It would be observed from the above that violating the terms and condition of the allotment of the plot, possession of the plot was handed over (9.9.2006) without execution of lease deed, consequently revenue of the Uttarakhand was blocked for the period from 10.9.2006 to 16.2.2014.i.e. for more than 7 years, resultantly loss to the State Government exchequer of ` 3.17 crore by way of interest ($\text{` } 453000000 \times 7 \text{ years} \times 10/100 = \text{` } 31700000$).

Company stated that District Magistrate (Haridwar) has passed an order on 3.7.2014 and directed the allottee the industry to deposit ` 111.78 crore in the account of GoU but case is pending in the Board of Revenue.

Matter is brought to the notice of higher authority of the Company.

Part III

-----Nil-----

Sr. Audit Officer/ES-1