



संख्या / No. : एम.ए.जी-ए/सी.ए.डी-ए/78-11/2016-17/121  
भारतीय लेखा तथा लेखापरीक्षा विभाग  
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा  
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II  
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF  
COMMERCIAL AUDIT & EX-OFFICIO MEMBER,  
AUDIT BOARD-II, NEW DELHI

दिनांक / DATE 21.6.2016

सेवा में,

अध्यक्ष एवं प्रबन्धक निदेशक,  
इंडियन ड्रग्स एण्ड फार्मास्यूटिकल्स लिमिटेड,  
स्कोप काम्प्लैक्स, कोर-6, प्रथम तल,  
7, लोधी रोड,  
नई दिल्ली-110003


29/6  
GM (Fin)  
L.H.  
20-6  
Tunde

विषय- कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2015 को समाप्त वर्ष के लिए इंडियन ड्रग्स एण्ड फार्मास्यूटिकल्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2015 को समाप्त हुए वर्ष के लिए इंडियन ड्रग्स एण्ड फार्मास्यूटिकल्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

  
(सुपर्णा देब)

प्रधान निदेशक वाणिज्यिक लेखा परीक्षा  
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II  
नई दिल्ली

संलग्नक:- यथोपरि

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF INDIAN DRUGS & PHARMACEUTICALS LIMITED FOR THE  
YEAR ENDED 31 MARCH, 2015**

The preparation of financial statements of Indian Drugs & Pharmaceuticals Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 31 May, 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Indian Drugs & Pharmaceuticals Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

**A Comments on Profitability**

**A. 1 Balance Sheet**

**Current Liabilities**

**Trade Payables (Note – 10)**

**Services – ₹ 258.63 crore**

A reference is invited to Comment no. 1 of the Comptroller and Auditor General of India on the accounts of the Company for the year 2012-13 regarding non-provisioning of ₹117.18 crore in respect of electricity charges payable to Uttarakhand Power Corporation Limited (UPCL). As per reconciliation statement between Company and UPCL, the total outstanding amount in

respect of electricity dues (including principal/surcharge/interest) payable by the Company to UPCL as on 31 March 2015 was ₹ 270.47 crore against which the company has provided only ₹ 126.54 crore. As the dues have been reconciled and the case filed by the Company was dismissed by the Hon'ble High Court, Nainital in 2008 and special appeal filed in 2008 was dismissed in 2013, provision for entire reconciled amount of ₹ 270.47 crore should have been made.

Short-provisioning of the same has resulted in understatement of current liabilities as well as accumulated loss of the Company by ₹143.93 crore.

## **A.2 Balance Sheet**

### **Current Liabilities**

**Short Term Provisions (Note – 12): ₹ 0.84 crore**

A reference is invited to Comment no. A.1 of the Comptroller and Auditor General of India on the accounts of the Company for the year 2008-09, Comment no. A (1) for 2009-10, Comment no. A.3 for 2010-11, Comment no. A.2 for 2011-12 and comment no. 2 for 2012-13 regarding non-provisioning of ₹ 4.88 crore, ₹ 9.84 crore, ₹ 11.62 crore, ₹ 13.71 crore and ₹ 16.25 crore respectively, on account of interest payable on principal dues to Central Industrial Security Force (CISF), Ministry of Home Affairs. Total demand of interest payable to CISF in respect of Hyderabad, Gurgaon, Rishikesh and Muzaffarpur units as on 31.03.2015 was ₹ 23.99 crore for which no provision has been made.

This has resulted in understatement of current liabilities as well as accumulated loss of the Company by ₹ 23.99 crore.

## **B Comment on Disclosure**

### **B 1 Notes to Accounts**

#### **Note 1- Contingent Liabilities**

##### **Hyderabad plant**

The Commercial Tax Officer (CTO) – Sales Tax, Hyderabad has raised a claim of ₹ 9.79 crore along with interest against which the Company has created the liability only for principal amount of ₹ 1.57 crore under the head “Other Liabilities”. As Draft Rehabilitation scheme of the

Company is under finalization, the status of interest liability of ₹ 8.22 crore is not clear, the company should have disclosed the same as Contingent liability.

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



(Suparna Deb)

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-II  
New Delhi

Place: New Delhi

Date: 21.06.2016

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**MANAGEMENT REPLY TO CAG OBSERVATIONS ON THE ACCOUNTS OF FINANCIAL YEAR 2014-15**

CAG OBSERVATIONS	MANAGEMENT REPLY
<p><b>Balance Sheet</b></p> <p><b>Current Liabilities</b></p> <p><b>Trade Payables (Note – 10)</b></p> <p><b>Services – Rs. 258.63 crore</b></p> <p>A reference is invited to Comment no. 1 of the Comptroller and Auditor General of India on the accounts of the company for the year 2012-13 regarding non provisioning of Rs. 117.18 crore in respect of electricity charges payable to Uttarakhand Power Corporation Limited (UPCL). As per reconciliation statement between company and UPCL, the total outstanding amount in respect of electricity dues (including principle/surcharge/interest) payable by the Company to UPCL as on March 2015 was Rs.270.47 crores against which the company has provided only Rs. 126.54 crores as the dues have been reconciled and the case filed by the company was dismissed by the Hon'ble High Court, Nainital in 2008 and special appeal filed in 2008 was dismissed in 2013, provision for entire reconciled amount of Rs.270.47 crore should have been made.</p> <p>Short -provisioning of the same has resulted in understatement of current liabilities as well as accumulated loss of the company by Rs. 143.93 crores.</p>	<p>With respect to the query the reply is attached at Annexure-R</p>

**MANAGEMENT REPLY TO CAG OBSERVATIONS ON THE ACCOUNTS OF FINANCIAL YEAR  
2014-15**

CAG OBSERVATIONS	MANAGEMENT REPLY														
<p><b>Balance Sheet</b></p> <p><b>Current Liabilities</b></p> <p><b>Short Term Provisions (Note – 12): Rs.0.84 crore</b></p> <p>A reference is invited to Comment no. A.1 of Comptroller and Auditor General of India on the accounts of the company for the year 2008-09, comment no. A(1) for 2009-10 , Comment no. A.3 for 2010-11, comment no. A.2 for 2011-12 and comment no. 2 for 2012-13 regarding non provisioning of Rs.4.88 crore, Rs.9.84 crore, Rs.11.62 crore, Rs.13.71 crore and Rs.16.25 crore respectively, on account of interest payable on principal dues to CISF. Total demand of interest payable to CISF in respect of Hyderabad, Gurgaon, Rishikesh and Mujjafarpur plant as on 31.03.2015 was Rs.23.99 crore for which no provision has been made.</p> <p>This has resulted in understatement of current liabilities as well as accumulated loss of the company by Rs.23.99 crore.</p>	<p>CISF deployed their personnel in 1977 and discontinued in December 2003. As per the agreement, there was no provision/clause for payment of interest. CISF has started claiming interest from 1<sup>st</sup> April 2005, due to unilateral decision of CISF which has not been agreed/admitted by IDPL in absence of any such clause in the agreement.</p>														
<p><b>B Comment on Disclosure</b></p> <p><b>B1 Notes to Accounts</b></p> <p><b>Note1- Contingent Liabilities</b></p> <p><b>Hyderabad Plant</b></p> <p>The Commercial Tax Officer(CTO) – Sales Tax, Hyderabad has raised a claim of Rs. 9.79 crore along with interest against which</p>	<p><b>The principal amount of dues of Sales Tax was as under:</b></p> <table border="1" data-bbox="842 1686 1430 1955"> <thead> <tr> <th>Year</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1991-92</td> <td>1,13,43,938</td> </tr> <tr> <td>1993-94</td> <td>40,00,000</td> </tr> <tr> <td>1994-95</td> <td>1,05,571</td> </tr> <tr> <td>1996-97</td> <td>2,80,103</td> </tr> <tr> <td>2003-04</td> <td>1,10,453</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,58,40,065</b></td> </tr> </tbody> </table> <p>The Hyderabad Plant is closed since many</p>	Year	Amount	1991-92	1,13,43,938	1993-94	40,00,000	1994-95	1,05,571	1996-97	2,80,103	2003-04	1,10,453	<b>Total</b>	<b>1,58,40,065</b>
Year	Amount														
1991-92	1,13,43,938														
1993-94	40,00,000														
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1996-97	2,80,103														
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<b>Total</b>	<b>1,58,40,065</b>														

**MANAGEMENT REPLY TO CAG OBSERVATIONS ON THE ACCOUNTS OF FINANCIAL YEAR 2014-15**

<p>the company has created the liability of only for the principal amount of Rs. 1.57 crore under the head Other Liabilities". As Draft Rehabilitation Scheme of the company is under finalisation, the status of interest liability of Rs. 8.22 crore is not clear; the company should have disclosed the same as Contingent Liability.</p>	<p>years and the dues of principal itself are too old. On this, the interest amounting to Rs. 8.22 crores calculated by Commercial tax office- Sales Tax for the period since 1991-92 is unjustified and is not likely to be allowed by Government/BIFR. Therefore the interest has not been provided in the past. However, the same could be reviewed in 2015-16.</p>
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IDPL: VIRBHADRA

No. IDP(R)/GM-12/16-60

Dated: 23<sup>rd</sup> April, 2016

To  
General Manager (Finance),  
IDPL: Corporate Office,  
GURGAON.

Subject: Outstanding electricity dues against IDPL Rishikesh

Reference: Provision of amount Rs.157 crores in DRS instead of total amount of Rs.261.90 crores including late payment surcharge as pe Reconciliation Statement dated 11.12.2014

Dear Sir,

Regarding above the following submission is for consideration :

1. As per UPCL letter no.2778/EDD(R) dated 18.10.12 difference of summation of current bill amount and summation of payment by IDPL for period upto 30<sup>th</sup> June, 2012(in compliance of various court orders against principal amount) is Rs.73,75,89,490.76 (Say Rs.73.76 crores) (Annex. I & II).
2. The same amount for the period upto Nov., 2013, comes to Rs.80,26,75,823.46 say Rs.80.27 crores as per UPCL statement . Annex. III.
3. However, UPCL was not agreed for above principal amount on pretext of their own Rules and Regulations regarding adjustment of payment by consumers partly against principal amount and partly against late payment surcharge(LPS). Since IDBI was insisting for reconciliation of amount it was felt appropriate to settled the matter vide reconciliation statement dated 11.12.2014 which was signed indicating principal amount Rs.110.36 crores and surcharge Rs.151.54 crores(total Rs.261.90 crores)( Annex. IV)
4. Provision in DRS was made for approximate amount including principal amount and simple interest @5% instead of total amount of Rs.261.90 crores.(principal + surcharge) claimed due to reasons as follows:
  - I. Amount was disputed and subjudice since long. It was accumulated on monthly basis by payment made by IDPL against principal bill amount



adjusting against late payment surcharge partly. It was against the spirit of court orders.

- II. Amount of UPCL was unsecured in contrast to bank loan which were taken lump sum and were secured amount. Instead all other creditors except UPCL agreed for simple interest. In case of UPCL point of view for provision of total amount was agreed other creditors were likely to claim the same formula.
- III. Principal amount agreed for UPCL included late payment surcharge also to the tune of Rs.36.60 / Rs.30.09 crores due to adjustment of payment against principal amount in the late payment surcharge.
- IV. Various reliefs against payment were sought by IDPL as detailed in Annex.III which were not considered by UPCL.

The above mentioned points appropriately justify the reason for making provision of Rs.157 crores instead of Rs 261.90 crores.

Thanking you,

Yours sincerely,

Encl: As above.



(G.S. Bedi)  
General Manager

Annexure - F

Uttarakhand Power Corporation Ltd.  
(A Govt. of Uttarakhand Undertaking)  
OFFICE OF THE EXECUTIVE ENGINEER  
ELECTRICITY DISTRIBUTION DIVISION  
SHALVIHAR, RISHIKESH  
PIN - 2435-2436108



उत्तराखण्ड पावर कारपोरेशन लि०  
(उत्तराखण्ड सरकार का उपक्रम)  
कार्यालय अधिदासी अभियन्ता  
विद्युत वितरण खण्ड  
शैल विहार, ऋषिकेश  
दूरभाष : 0135-2436108

No. 3338..EDD(R)

Date... 18/10/12

To,

The G.M. IDPL,  
Virbhadra,  
Rishikesh.

Sub :- Direction of BIFR to reconcile the amount outstanding against IDPL, as contingent liability.


Dear Sir,

Kindly refer M/s IDPL letter no. 331 date 12.10.2012 on the subject cited above. In this connection pointwise submission is as follows:-

1. Total summation of current bill amount of 2853 KVA is ₹ 591242673.12 & the amount paid by IDPL is ₹ 351283487.06 & total electricity dues as on 30 June 2012 including late payment surcharge is ₹ 1273109768.00.
2. Total summation of current bill amount of 17000 KVA is ₹ 1342176307.00 & the amount paid by IDPL is ₹ 844546002.30 & total electricity dues as on 30 June 2012 including late payment surcharge is ₹ 1202332304.18 (as per O.M. no. C-1481 dt. 18.12.02 copy enclosed).

This is for your kind information & necessary action on the matter please.

Encl :- As above.

  
(Vijay Kumar Singh)  
Executive Engineer

Received on 19.10.12  
[Signature]

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1. Dues as per UPCL letter no. 2778 dated 18-10-2012

Annexure II

Electricity service connections	Summation of current bill amounts in Rs.	Summation of payments IDPL in Rs.	Principal amount due in Rs.	Total electricity dues including late payment surcharge in Rs.
11 KV 2853 KVA	59,12,42,673.12	35,12,83,487.06	23,99,59,186.06	127,31,09,768.00
6.6 KV, 17000 KVA	134,21,76,307.00	84,45,46,002.30	49,76,30,304.70	120,23,32,304.18
Total:	193,34,18,980.12	119,58,29,489.36	73,75,89,490.76	247,54,42,072.18

Principal amount derivation as per above details: Rs. 73.76 Crores.

Dv. Mar. (Elect)

## IDPL- VIRBHADRA

Abstract of dues & LPS (Total late payment surcharge to be waived off as dues are created due to less payment by IDPL in accordance with the court orders but bills raised at higher rate by UPSEB/UPPCL/UPCL at the prevailing tariff) up to Nov. 2013.

Load in KVA	Sum of bills raised at the prevailing tariff in Rs.	Principal amount		Sum of unpaid amount less security amount forfeited in Rs.	Late payment surcharge in Rs.	
		Sum of payment by IDPL as per prevailing court order in Rs.			Total amount claimed by UPCL ( Principal + LPS)	LPS part of claim
17000 KVA	138,49,82,720.84	84,45,46,002.33		54,04,36,718.51 - 1,82,34,310.77 =52,22,02,407.74	117,30,53,647.39	65,08,01,239.65
2853 KVA	67,27,93,502.78	39,23,20,087.06		28,04,73,415.72	138,92,71,068.35	110,87,97,652.63
<b>Total</b>	<b>205,77,76,223.62</b>	<b>123,68,66,089.39</b>		<b>80,26,75,823.46</b> Say Rs. 80.27 Cr.	<b>256,22,74,715.74</b> Say Rs. 256.23 Cr.	<b>175,95,98,892.28</b> Say Rs. 175.96 Cr.
<b>Total Principal amount payable</b>						<b>Rs. 69.71 Cr.</b>

Relief sought on account of combined billing for Township & Plant.  
Relief on account of minimum consumption guarantee to be waived of due to having no relevance with actual consumption of electricity.  
Relief on account of low power factor surcharge having no relevance with actual consumption of electricity.