

CHAPTER-I

1 Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2006, there were 18 Government companies (14 working companies and four non-working companies[#]) and three working Statutory corporations as against same number of companies/corporations as on 31 March 2005 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provision of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of the Statutory corporations are as shown below:

Table: 1.1

Name of the Corporation	Authority for audit by the CAG	Audit arrangement
Himachal Pradesh State Electricity Board (HPSEB)	Under Rule 14 of the Electricity (Supply) (Annual accounts) Rules 1985 read with Section 172 (a) and 185 (2) (d) of the Electricity Act, 2003*	Sole audit by the CAG
Himachal Road Transport Corporation (HRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by the CAG
Himachal Pradesh Financial Corporation (HPFC)	Section 37(6) of the State Financial Corporations Act, 1951	Audit by the Chartered Accountants and supplementary audit by the CAG

[#] *Non-working companies are those which are under the process of liquidation/closure/merger, etc.*

^{*} *The earlier provision of Section 69 (2) of the Electricity (Supply) Act, 1948 was repealed by the Electricity Act, 2003*

The State Government had formed (December 2000) the Himachal Pradesh Electricity Regulatory Commission and its audit is entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003**.

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

1.2 As on 31 March 2006, the total investment in 17 working Public Sector Undertakings (14 Government companies and three Statutory corporations) was Rs.3,743.45 crore[#] (equity: Rs.707.04 crore, long-term loans*: Rs.3,033.93 crore and share application money: Rs.2.48 crore) as against total investment of Rs.3,561.30 crore (equity: Rs.693.45 crore, long-term loans: Rs.2,865.77 crore and share application money: Rs.2.08 crore) in 17 working PSUs (14 Government companies and three Statutory corporations) as on 31 March 2005.

The investment (equity and long-term loans) in various sectors and percentages thereof at the end of 31 March 2006 and 31 March 2005 are indicated below in the pie charts:

** *Earlier Section 34 (4) of the Electricity Regulatory Commissions Act, 1998 repealed by the Electricity Act, 2003*

State Government's investment in working PSUs was Rs 740.04 crore (others: Rs.3,003.41 crore). Figure as per Finance Accounts, 2005-06 is Rs.695.59 crore. The difference is under reconciliation

* *Long-term loans mentioned in paragraphs 1.2, 1.3, 1.4 and 1.15 are excluding interest accrued and due on such loans*

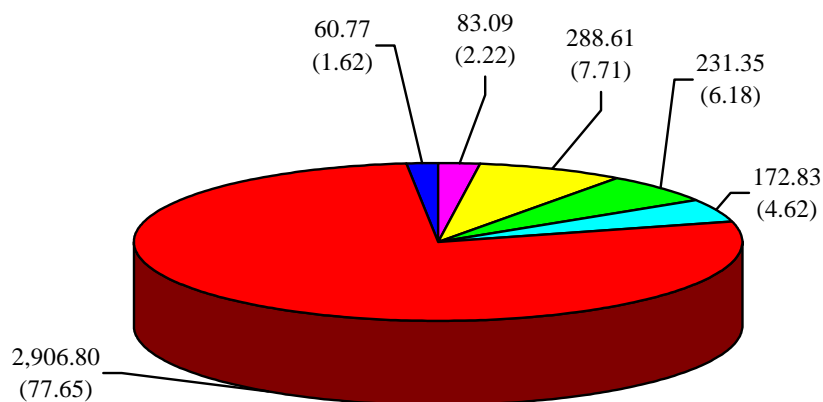
Sector-wise investment in working Government companies and corporations

(Rupees in crore)

(Figures in brackets are percentage)

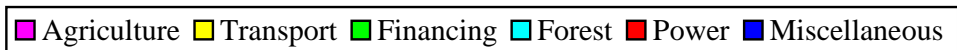
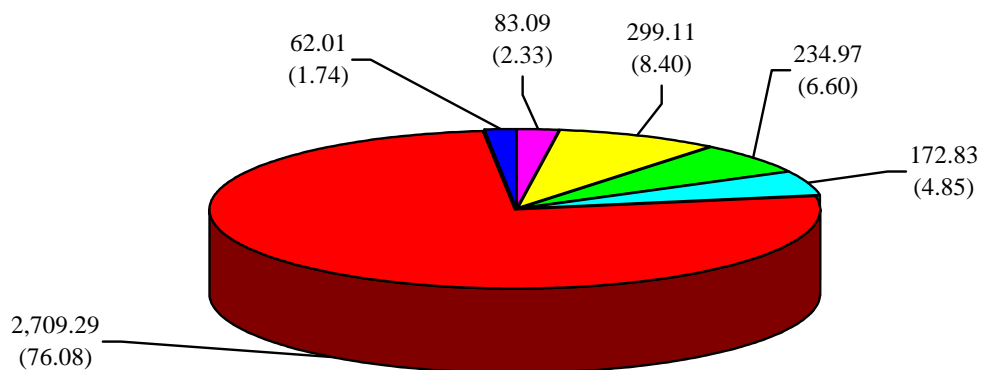
As on 31 March 2006

Total Investment-3,743.45



As on 31 March 2005

Total Investment-3,561.30



An analysis of investment in working PSUs is given in the following paragraphs.

Working Government companies

1.3 Total investment in working Government companies at the end of March 2005 and March 2006 was as follows:

Table: 1.2

(Rupees in crore)

Year	Number of companies	Equity	Share application money	Loans	Total
2004-05	14	130.66	2.08	225.46	358.20
2005-06	14	131.95	2.08	212.26	346.29

The decrease in investment was mainly due to repayment of long-term loans by the four companies (serial number 10, 12, 13 and 14 of **Appendix-I**).

As on 31 March 2006, the total investment in working Government companies comprised 38.70 *per cent* of equity and 61.30 *per cent* of loans as compared to 37.06 and 62.94 *per cen* respectively as on 31 March 2005.

Due to decrease in long-term loans mainly in four companies, the debt equity ratio of working Government companies as a whole decreased from 1.70:1 in 2004-05 to 1.58:1 in 2005-06.

The summarised statement of Government investment in working Government companies in the form of equity and loans is given in **Appendix-I**.

Working Statutory corporations

1.4 The total investment in the three working Statutory corporations at the end of March 2005 and March 2006 was as follows:

Table: 1.3

(Rupees in crore)

Name of corporation	2004-05		2005-06	
	Capital	Loan	Capital	Loan
Himachal Pradesh State Electricity Board (HPSEB)	282.11	2,427.18	282.11	2,624.69
Himachal Road Transport Corporation (HRTC)	252.51	46.60	264.81	23.80
Himachal Pradesh Financial Corporation (HPFC)	28.17	166.53	28.57	173.18
Total	562.79	2,640.31	575.49	2,821.67

The increase in investment was mainly due to increase in capital (serial number 16 and 17 of **Appendix-I**) and long-term loans (serial number 15 and 18 of **Appendix-I**).

As on 31 March 2006, the total investment in the working Statutory corporations comprised 16.94 *per cent* equity capital and 83.06 *per cent* of loans as compared to 17.57 and 82.43 *per cent* respectively as on 31 March 2005.

Due to increase in long-term loans, the debt equity ratio of the working Statutory corporations as a whole increased from 4.69:1 in 2004-05 to 4.90:1 in 2005-06.

The summarised statement of Government investment in the working Statutory corporations in the form of equity and loans is given in **Appendix-I**.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.5 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of the working Government companies and working Statutory corporations are given in **Appendices-I and III**.

The budgetary outgo in the form of equity and loans and grants/subsidies from the State Government to the working Government companies and Statutory corporations for the three years up to 2005-06 is given below:

Table: 1.4

(Amount: Rupees in crore)

	2003-04				2004-05				2005-06			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity	3	1.90	2	30.70	3	1.70	2	14.41	3	1.29	2	12.70
Loans	-	-	-	-	-	-	1	6.76	-	-	1	1.97
Grants	1	1.07	-	-	-	-	-	-	-	-	-	-
Subsidy	2	2.39	3	94.09	3	5.39	3	79.25	3	4.85	3	125.96
Total outgo	6	5.36	3*	124.79	6*	7.09	3*	100.42	6*	6.14	3*	140.63

* *These are actual number of companies/corporations which received budgetary support in the form of equity, loans, grants and subsidy from the State Government during respective year*

During 2005-06, the Government had guaranteed loans aggregating Rs.36.60 crore obtained by three Government companies (Rs.25.60 crore) and one Statutory corporation (Rs.11.00 crore). At the end of the year, guarantees amounting to Rs.2,274.68 crore against seven Government companies (Rs.180.26 crore) and three Statutory corporations (Rs.2,094.42 crore) were outstanding. There was no case of default in repayment of guaranteed loans during the year. The Government had not forgone any amount by way of loans written off or interest waived or given moratorium on loan repayment during the year. During 2005-06, the guarantee commission payable to the Government by one Statutory corporation (HPSEB) was Rs.52.91 lakh and by one Government company (Himachal Pradesh State Handicrafts and Handloom Corporation Limited) was Rs.0.72 lakh.

Finalisation of accounts by PSUs

1.6 The accounts of Government companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in the case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions in the respective Acts.

However, as can be seen from **Appendix-II**, out of 14 working Government companies and three working Statutory corporations, only five companies and two corporations had finalised their accounts for 2005-06. During October 2005 to September 2006, seven Government companies finalised eight accounts for the previous years. The accounts of nine Government companies and one Statutory corporation were in arrear for periods ranging from one to four years as on 30 September 2006, as detailed below:

Table: 1.5

Sr. No.	No. of working companies/corporations		Year from which accounts are in arrears	Number of years for which accounts are in arrears	Reference to serial No. of Appendix-II	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1	1	-	2002-03 to 2005-06	4	8	-
2	1		2004-05 and 2005-06	2	10	-
3	7	1	2005-06	1	1, 2, 4, 7, 9, 11 and 13	16

It is the responsibility of the administrative departments to monitor and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments were informed every quarter by Audit of the position of arrear in finalisation of accounts by companies under their administrative control, no effective measures had been taken and as a result, the net worth of these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

1.7 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per the latest finalised accounts are given in **Appendix-II**. Besides, statements showing the financial position and the working results of individual working Statutory corporations for the latest three years for which accounts have been finalised are given in **Appendices-IV and V** respectively.

According to the latest finalised accounts, seven companies and two corporations had incurred an aggregate loss of Rs.11.71 crore and Rs.37.93 crore respectively and seven companies and one corporation had earned an aggregate profit of Rs.19.18 crore and Rs.20.48 crore respectively.

Working Government companies

Profit earning working companies and dividend

1.8 Out of five working Government companies which finalised their accounts for 2005-06, three* companies earned an aggregate profit of Rs.17.70 crore and one company (serial number 12 of **Appendix-II**) declared dividend aggregating Rs.52.73 lakh. The dividend as a percentage of share capital (Rs.36.83 crore) in the above three profit making companies worked out to 1.44. The remaining two profit making companies did not declare any dividend. The total return by way of dividend of Rs.52.73 lakh worked out to 0.43 *per cent* in 2005-06 on total equity investment of Rs.123.28 crore by the State Government in all the Government companies as against 0.59 *per cent* in previous year. The State Government formulated (August 1982) a dividend policy for payment of minimum dividend of three *per cent*. However, these guidelines were complied with by one company only.

Similarly, out of seven working companies which finalised their accounts for the previous years during October 2005 to September 2006, three companies (serial number 8, 10 and 13 of **Appendix-II**) earned a profit of Rs.1.22 crore. Two companies (serial number 8 and 10 of **Appendix-II**) earned profit for two successive years.

* *Serial number 6, 12 and 14 of Appendix-II*

Loss incurring working companies

1.9 Of the seven loss incurring working Government companies, three companies (serial number 2, 3 and 7 of **Appendix-II**) had accumulated losses aggregating Rs.94.97 crore which exceeded their aggregate paid-up capital of Rs.39.67 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of subsidy, etc. As per available information, the total financial support provided by the State Government by way of subsidy during 2005-06 to two out of these three companies (serial number 3 and 7 of **Appendix-II**), amounted to Rs.4.43 crore.

Working Statutory corporations

Profit earning Statutory corporations and dividend

1.10 Himachal Pradesh State Electricity Board which finalised its accounts for the year 2005-06 earned profit of Rs.20.48 crore, but did not declare any dividend.

Loss incurring Statutory corporations

1.11 Two working Statutory corporations (serial number 16 and 17 of **Appendix-II**) incurred losses aggregating Rs.37.93 crore as per their latest annual accounts. Both the corporations had accumulated losses aggregating Rs.456.72 crore which exceeded their aggregate paid-up capital of Rs.281.08 crore. Despite their poor performance, the State Government assisted these corporations through equity and subsidy of Rs.60.72 crore during 2005-06.

Operational performance of working Statutory corporations

1.12 The operational performance of the Statutory corporations is given in **Appendix-VI**.

Return on Capital Employed

1.13 As per the latest finalised accounts, the capital employed* worked out to Rs.770.09 crore in 14 working companies and total return+ thereon amounted to Rs.18.45 crore which is 2.40 *per cent* as compared to total return of Rs.4.17 crore (0.56 *per cent*) in the previous year. Similarly, during 2005-06, the capital employed in case of three working Statutory corporations as per their latest finalised accounts worked out to Rs.3,475.91 crore and total return on capital employed was Rs.129.13 crore in 2005-06, which is

* *Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies and corporations where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves and borrowings (including refinance)*

+ *For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account*

3.72 per cent. The return on capital employed was Rs.73.56 crore (2.31 per cent) in 2004-05. The details of capital employed and total return on capital employed in case of Government companies and Statutory corporations are given in **Appendix-II**.

Reforms in the power sector

Status of implementation of the Memorandum of Understanding between the State Government and the Central Government

1.14 In pursuance of the decisions taken at the Chief Ministers' conference on Power Sector Reforms, held in March 2001, a Memorandum of Understanding (MOU) was signed on 31 March 2001 between the Ministry of Power, Government of India (GOI) and the Department of Power, Government of Himachal Pradesh as a joint commitment for implementation of a reforms programme in the power sector with identified milestones. The State Electricity Board was able to meet all the milestones set out in the MOU.

State Electricity Regulatory Commission

1.15 The Government of Himachal Pradesh constituted (30 December 2000) the Himachal Pradesh Electricity Regulatory Commission (HPERC), with one member under Section 17 (1) of the Electricity Regulatory Commissions Act, 1998*. The audit of HPERC is entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003. HPERC had not finalised any accounts so far (September 2006).

Non-working Public Sector Undertakings

Investment in non-working PSUs

1.16 As on 31 March 2006, the total investment in four non-working Government companies was Rs.705.26[#] crore (equity: Rs.34.79 crore and long-term loans: Rs.670.47 crore) against Rs.1,359 crore (equity: Rs.34.79 crore and long-term loans: Rs.1,324.21 crore) as on 31 March 2005.

The classification of the non-working Government companies was as under:

Table: 1.6

Sr. No.	Status of non-working PSUs	Number of non-working companies	Investment	
			Equity	Long-term loans
(i)	Under liquidation	1 ^A	0.92 (0.92)	-
(ii)	Under closure	3 ^B	33.87 (33.87)	670.47 (1,324.21)
	Total	4	34.79 (34.79)	670.47 (1,324.21)

(Figures in brackets are for previous years)

* Since replaced with Section 82 (1) of the Electricity Act, 2003

State Government's investment in non-working PSUs was Rs.33.87 crore (others Rs 671.39 crore). Figure as per Finance Accounts 2005-06 is Rs.33.87 crore

A Serial number 18 of **Appendix-I**

B Serial number 19, 20 and 21 of **Appendix-I**

In respect of one non-working Government company viz. Himachal Worsted Mills Limited, an official liquidator has been appointed and process of liquidation is in progress (September 2006). Three other non-working Government companies were under closure under Section 560 of the Companies Act, 1956 for four to 17 years with substantial investment of Rs.704.34 crore. Effective steps need to be taken for their expeditious closure.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.17 During the year, the State Government had not provided any budgetary support in the form of equity, loan, subsidy, grants, etc. to these non-working companies. At the end of 2005-06, guarantees amounting to Rs.670.47 crore against one non-working Government company were outstanding as against Rs.1,324.21 crore against two non-working Government companies at the end of 2004-05.

Finalisation of accounts by non-working PSUs

1.18 Out of four non-working companies, one company (serial number 18 of **Appendix-II**) was under liquidation and the remaining three companies were defunct. There was no arrears of accounts in respect of defunct companies.

Financial position and working results of non-working PSUs

1.19 The summarised financial results of non-working Government companies as per the latest finalised accounts are given in **Appendix-II**.

Out of these four non-working Government companies, excess of expenditure over income in respect of two non-working companies (serial number 20 and 21 of **Appendix-II**) is reimbursed by the State Government.

The year wise details of paid-up capital, net worth, cash loss/cash profit and accumulated loss/profit of non-working PSUs as per their latest finalised accounts are given below:

Table: 1.7

(Rupees in crore)

Year of latest finalised accounts	Number of companies	Paid-up capital	Net worth	Cash loss (-) / cash profit (+)	Accumulated loss (-)/ accumulated profit (+)
2000-01	1	0.92	(-) 8.95	(-) 0.47	(-) 5.44
2005-06	3	33.87	29.55	(-)0.61	(-)4.50

Status of placement of Separate Audit Reports of Statutory corporations in Legislature

1.20 Separate Audit Reports (SARs) on the accounts of all the three Statutory corporations for the period up to 2004-05 have been placed in the State Legislature by the State Government.

Disinvestment, privatisation and restructuring of Public Sector Undertakings

1.21 During the year 2005-06, there was no case of disinvestment and privatisation of Government companies and Statutory corporations. The Government decided (July 2002) to close two Government companies (serial number 20 and 21 of **Appendix-I**) and transfer w.e.f. April 2002, their assets and liabilities to the newly created Himachal Pradesh Infrastructure Development Board. However, the winding up process of these two companies under the Companies Act, 1956 has not been initiated, so far (September 2006).

Results of audit of accounts of PSUs by the Comptroller and Auditor General of India

1.22 During October 2005 to September 2006, the accounts of 13 companies were selected for audit. The net impact of important audit observations as a result of audit of accounts of these PSUs was as follows:

Table:1.8

Details		No of accounts		Rupees in lakh	
		Government companies	Statutory corporations	Government companies	Statutory corporations
		Working	Working	Working	Working
(i)	Decrease in profit	2 (Serial number 8 & 13 of Appendix-II)	-	62.35	-
(ii)	Decrease in loss	-	1 (Serial number 15 of Appendix-II)	-	3,233.00
(iii)	Increase in loss	1 (Serial number 19 of Appendix-II)	2 (Serial number 16 and 17 of Appendix-II)	1.23	190.22

Some of the major errors and omissions noticed in the course of audit of annual accounts of these companies/corporations are mentioned in the succeeding paragraphs.

Errors and omissions noticed in case of Government companies

1.23 Himachal Pradesh State Forest Corporation Limited (2000-01)

- Loans and advances did not include Rs.56.03 lakh being the amount of interest allowed by the Income Tax Department on advance income tax deposit and adjusted against the advance income tax for the assessment years 1987-88, 1997-98 and 2001-02. This has resulted in understatement of 'Advance Income Tax' as well as profit for the year by the same amount. No action has been taken in spite of CAG's comment on the accounts for the year ended on 31 March 1998, 1999 and 2000 respectively.

1.24 Himachal Pradesh Tourism Development Corporation Limited (2004-05)

- Current liabilities and provisions does not include Rs.5.35 lakh payable to retired employees of the Company on account of arrears of salary due to merger of 50 *per cent* of dearness allowance with basic pay with effect from 1 April 2004. This has resulted in understatement of current liabilities and overstatement of profit by Rs.5.35 lakh.

Errors and omissions noticed in case of Statutory corporations

1.25 Himachal Pradesh State Electricity Board (2004-05)

Deficit of Rs.37.25 crore was overstated by Rs.32.33 crore due to net overstatement of expenditure (Rs.45.50 crore) and understatement of income (Rs.77.83 crore).

1.26 Himachal Road Transport Corporation (2004-05)

Loss for the year has been understated by Rs.88.22 lakh due to overstatement of passenger income (Rs.3.67 lakh), accountal of advance receipts as income for the year (Rs.11 lakh) and accountal of capital grant as revenue for the year (Rs.74.63 lakh). Further, loss was overstated by Rs.1.08 lakh due to non-accountal of profit on sale of vehicle.

1.27 Himachal Pradesh Financial Corporation (2004-05)

Net loss of Rs.2.51 crore was understated by Rs.1.02 crore due to inclusion of interest not actually realised in the income of the Corporation.

Audit assessment of the working results of the State Electricity Board

1.28 Based on the audit assessment of the working results of the Board for three years up to 2005-06 and taking into consideration the major irregularities and omissions pointed out in the Separate Audit Reports (SARs) on the annual accounts of the Board and not taking into account the subsidy/subventions

receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed of the Board is as given below:

Table: 1.9

(Rupees in crore)				
Sr. No.	Particulars	2003-04	2004-05	2005-06 (Provisional)
1	Net surplus/(-) deficit as per books of accounts	(-)46.22	(-)37.25	(+)20.48
2	Subsidy from the State Government	Nil	Nil	76.85
3	Net surplus/(-) deficit before subsidy from the State Government (1-2)	(-)46.22	(-)37.25	(-)56.37
4	Net increase/decrease in net surplus/(-) deficit on account of audit comments on the annual accounts of the Board	(-)7.82	(+)32.33	@
5	Net surplus/(-) deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-)54.04	(-)4.92	@
6	Total return on capital employed*	(+)36.87	(+)120.58	@
7	Percentage of total return on capital employed	1.30	3.94	@

Persistent irregularities and system deficiencies in financial matters of PSUs

1.29 The following persistent irregularities and system deficiencies in Himachal Pradesh State Electricity Board had been pointed out during the course of audit of its accounts but no corrective action had been taken so far:

- Register of fixed assets had not been completed by various units of the Board.
- Function-wise break up of assets had not been prepared since 1985-86.
- Physical verification of assets had not been carried out.
- Consolidated statement showing year wise break-up of sundry debtors and further segregating them into good, bad and doubtful debts was not prepared.
- An amount of Rs.5.57 lakh in respect of Electrical Maintenance Division, Bhabanagar was recoverable from various firms since 1989-90.

@ Since the accounts for the year 2005-06 are under audit, these figures have not been indicated

* Total return on capital employed represents net surplus (+)/deficit (-) (after taking into account impact of comments) plus total interest charged to profit and loss account (less interest capitalised)

Recoveries at the instance of Audit

1.30 Test check of records of Himachal Pradesh State Electricity Board/other PSUs conducted during 2005-06 disclosed wrong fixation of tariff/non-levy/short levy of tariff/short realisation of revenue, etc. aggregating Rs.11.80 crore in 1,531 cases. During 2005-06, a sum of Rs.6.02 crore relating to 213 cases was recovered at the instance of Audit.

Internal Audit/Internal Control

1.31 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal control/internal audit systems in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which need improvement. Directions/sub-directions under the Act, *ibid*, were issued to the Statutory Auditors in respect of 19 Government companies. In pursuance of directions so issued, reports of Statutory Auditors involving 12 accounts of 12 Government companies were received (September 2006).

An illustrative resume of major comments made by Statutory Auditors on possible improvement in the internal audit/internal control system in respect of State Government companies is indicated in **Appendix-VII**. The major comments were of the following nature:

- Internal audit coverage was inadequate and internal audit was conducted after close of the financial year.
- Three companies had not fixed maximum and minimum limit and economic order quantity for procurement of stocks and stores.
- There was no system of obtaining balance confirmation from debtors.

Recommendations for closure of PSUs

1.32 One Government company, Agro Industrial Packaging India Limited had incurred losses for the last five years ended 31 March 2006 and had a negative net worth. In view of the continuous losses, the Government may either improve the performance of this company or consider its closure.

Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

1.33 The position of discussion of Audit Reports (Commercial)/Audit Report (Civil and Commercial) by the Committee on Public Undertakings as

on 30 September 2006 was as under:

Table: 1.10

Period of Audit Report	Number of Reviews and Paragraphs			
	Appeared in the Audit Report		Discussed by COPU	
	Reviews	Paragraphs	Reviews	Paragraphs
1999-2000	3	17	2	4
2000-2001	2	15	1	4
2001-2002	3	13	-	4
2002-2003	2	10	-	4
2003-2004	1	14	-	-
2004-2005	-	13	-	-
Total	11	82	3	16

During 2005-06, COPU met 14 times and discussed one review and six paragraphs. Audit Report (Civil and Commercial) for the year ended 31 March 2005 was placed before the State Legislature on 7 April 2006.

619-B companies

1.34 There were two companies coming under the purview of Section 619-B of the Companies Act, 1956 as on 31 March 2006 as against three such companies as on 31 March 2005. During 2005-06, two Government companies (Himachal Pradesh State Electronics Development Corporation Limited and Himachal Pradesh State Industrial Development Corporation Limited.) sold their shareholding in Himachal Pradesh Electronic Systems Corporation Limited –a deemed Government company and this company ceased to be a deemed Government company. **Appendix-VIII** indicates the details of paid-up capital, investment by way of equity, loans and grants and summarised working results of the two companies based on their latest available accounts.