

21/11/

AGENDA

FOR

15th Meeting

OF

BOARD OF DIRECTORS

**HARYANA STATE ROADS & BRIDGES DEVELOPMENT
CORPORATION LTD.**

DAY :	THURSDAY
DATE :	25.03.04
TIME :	4:00 P.M.
PLACE	IN THE COMMITTEE ROOM OF CHIEF SECRETARY, HARYANA, 4TH FLOOR, HARYANA CIVIL SECRETARIAT, CHANDIGARH

0117

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01/13

AGENDA ITEM NO.15.1

LEAVE OF ABSENCE

Leave of absence may be granted to the Directors who have shown their inability to attend the meeting.

Sr. No.	Name	Designation	Present/Absent
1.	Sh. A.N. Mathur, IAS	Chairman	
2.	Sh. K.C. Sharma, IAS	Director	
3.	Sh. Chander Singh, IAS	Director	
4.	Sh. R.R. Sheoran	Director	
5.	Sh. K.K. Gupta	Managing Director	

AGENDA ITEM NO.15.2

TO TAKE NOTE OF THE APPOINTMENT OF SH. N. BALA BASKAR, IAS, AS A DIRECTOR OF THE CORPORATION IN PLACE OF SH. ANIL RAZDAN, IAS AND SH. K.C. SHARMA, IAS IN PLACE OF SH. N. BALA BASKAR, IAS.

As per provision of Clause 20 (b) of the Articles of Association of the Company, the Director including the Chairman and Managing Director shall be appointed by the Government and Government will determine the period for which Chairman, Managing Director and Directors are to hold their respective office.

Haryana Government had appointed Sh. N. Bala Baskar, IAS in place of Sh. Anil Razdan, IAS as Director of the Corporation. Now, the Haryana Government has appointed Sh. K.C. Sharma, IAS Financial Commissioner & Principal Secretary to Govt., Haryana, Public Works (B&R) Deptt. as Director in place of Sh. N. Bala Baskar, IAS.

The Board is requested to take note of the above appointments and resolve to approve the appointment of Sh. N. Bala Baskar, IAS as Director of the Corporation in place of Sh. Anil Razdan and further approve the appointment of Sh K.C. Sharma, IAS as Director of the Corporation in place of Sh N. Bala Baskar, IAS.

0115

AGENDA ITEM NO. 15.3

TO CONFIRM THE MINUTES OF 14TH BOARD OF DIRECTORS MEETING

Minutes of the last Board meeting held on 30.12.2003 are enclosed. The Board may kindly consider and pass the following resolution:

“RESOLVED THAT the minutes of the last meeting of the Board of Directors held on 30.12.2003 which were circulated to the Members of the Board be and are hereby approved and confirmed.”

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MINUTES OF THE MEETING OF BOARD OF DIRECTORS OF HARYANA STATE ROADS & BRIDGES DEVELOPMENT CORPORATION LTD. HELD ON 30.12.2013 IN THE COMMITTEE ROOM OF THE CHIEF SECRETARY TO GOVERNMENT OF HARYANA

1.1.2013

1. Sh. A. N. Mishra, IAS
Chief Secretary to Govt., Haryana
Chairman
2. Sh. R.R. Sharma
Engineer-in-Chief
Haryana P.W.D. (B & R) Branch, Chandigarh
Director
3. Sh. S.K. Gupta
Senior Engineer (H.E.P.)
Haryana P.W.D. (B & R) Branch, Chandigarh
Managing Director
4. Sh. Ram Niwas, IAS
Special Secretary Finance Department

Chairman of the Meeting:

The meeting was chaired by Sh. A. N. Mishra, IAS

ITEM NO. 1.1 - LEAVE OF ABSENCE

Sh. S.K. Gupta was granted to Sh. Ch. Anil, Sh. J. B. and Sh. Anil Khandelwal

ITEM NO. 1.2 - TO CONFIRM THE MINUTES OF 12TH AND 13TH BOARD OF DIRECTORS MEETINGS.

The minutes of 12th and 13th meeting of Board of Directors held on 24.09.2013 and 27.09.2013 respectively were considered and confirmed. The Board passed the following resolutions:

The minutes of the meeting held on 24.09.2013 and 27.09.2013 were confirmed and approved. The Board passed the following resolutions:

ITEM NO. 1.3 - FOLLOW UP ACTIONS ON THE DECISION TAKEN IN THE PREVIOUS MEETINGS OF BOARD OF DIRECTORS HELD ON 24.09.2013 AND 27.09.2013.

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It also noted the actions taken on the matter at its 11th and 12th meeting of the Board on 27.09.2003 and 30.09.2003.

ITEM NO. 14.04 - TO CONSIDER AND APPROVE THE RATE OF INTEREST ON THE LOAN FROM HUDCO AT FLOATING RATES.

The Board was informed that HUDCO has sanctioned a loan amounting to Rs. 158.49 Crores to the Corporation for the Improvement of State Highways Phase III & IV in the name of the above letter No. HUDCO/S.V. HSRDC/1997/2000/3243 dated 17.09.2000.

The Board was further informed that the agreement with HUDCO is to be executed prior to the 12th meeting of the Board of Directors in its 12th meeting dated 24.09.2003 and to consider the terms and conditions of the loan of Rs. 158.49 Crores at the interest rate of 8.75% p.a. However, now HUDCO vide their operational circular No. O/SR/10/2003-050 dated 09.11.2003 has approved the revised financing pattern w.e.f. 18.11.2003 according to which the following rates of interest are applicable on this scheme:

Option A - Floating Rate of interest - @ 8.75% p.a.

(Notes - Normally Base Rate shall be reviewed once in a year. However, the review of change in the interest rate of atleast 1% in a year or in base rate can be done every year)

Option B - Fixed Rate of Interest @ 9.25% p.a.

(Notes - HUDCO will have the option to revise interest on all schemes (including existing scheme) at an interval of 5 years. However in respect of loans where resetting in interest rate has already been approved, the period of five years shall be from the date of resetting).

After deliberations the Board approved the floating rate of interest at 8.75% p.a. and passed the following resolution:-

"RESOLVED THAT the change in the rate of interest from 8.75% per annum to 8.75% per annum in the floating pattern be approved by the Board of Directors of the Corporation and is hereby authorized to the loan agreement with HUDCO to this effect."

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ITEM NO. 14.05 - TO CONSIDER AND APPROVE THE FIXING OF THREE HOARDINGS IN EACH DISTRICT OF HARYANA AND TO RATHY THE INSTALLATION OF TWO WELCOME GATES IN KARNAL.

The Board was informed that the Government had directed the Corporation to fix three hoardings in each district of Haryana for highlighting the policies and programmes being sponsored by the State Government and also to install two Welcome gates on the roads leading to Karnal and within city on the location decided by the Deputy Commissioner, Karnal.

The Board was further informed that the cost of fixing of hoardings would be Rs. 14.25 lakhs and the expenditure incurred in erecting of two timbered welcome gates was Rs. 1.00 lakhs.

After discussions, the Board approved to incur the expenditure of Rs. 14.25 Lacs for fixing of hoardings and expenditure of Rs. 1.00 Lacs already incurred on two timbered welcome gates provided that all legal provisions must be followed and passed the following resolutions -

RESOLVED THAT three hoarding in the size of 10' x 15' be displayed in the sites to be determined in consultation with Deputy Commissioner of the concerned district and approval of the Government to incur expenditure of Rs. 14.25 Lacs on the preparation and erection of three hoardings.

FURTHER RESOLVED THAT the actual expenditure amounting of Rs. 1.00 Lacs incurred on the two welcome gates which were erected on the roads leading to Karnal and within city, on the location decided by the Deputy Commissioner, Karnal and is hereby approved.

FURTHER RESOLVED THAT respective State Engineering Engineers, Haryana (S.E.E.) (B.R.) of each district be and is hereby directed to coordinate with the respective Deputy Commissioner and to do all such acts, decisions and things as may be required to give effect to the above resolution, provided that all legal provisions must be followed and passed the following resolutions -

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ITEM NO. 14.06 - TO CONSIDER AND APPROVE THE EXPENDITURE ON CONSTRUCTION OF TOLL PLAZA AND MAINTENANCE THEREOF.

The Board was deferred till decision on the collection of toll for a year till 23rd of 2004, wherein the proposal for construction and maintenance of toll plaza by the entrepreneur has been made.

ITEM NO. 14.07 - TO CONSIDER AND RATIFY THE COLLECTION OF TOLL AT 8 POINTS DEPARTMENTALLY.

The Board was informed that the bids received on 30.09.2003 were not opened till the 20th meeting held on 07.10.2003 and a decision was taken that the department should collect toll at 8 points (T-1, T-2, T-3, T-4, T-5, T-6, T-7, T-8) in the state. On the basis of the report submitted by the engineering staff, the Board decided to start collection of toll at 8 points (T-1, T-2, T-3, T-4, T-5, T-6, T-7, T-8) in the state.

The Board was also informed that the collection of toll at 8 points is a matter of public interest and the Board has decided to ratify the same.

The Board also decided to ratify the collection of toll at 8 points departmentally and to start collection of toll.

ITEM NO. 14.08 - TO CONSIDER AND APPROVE THE DELEGATION OF POWERS TO THE MANAGING DIRECTOR FOR PAYMENT OF SALARY AND OTHER PERKS TO THE OFFICERS STAFF.

The Board was deferred.

ITEM NO. 14.09 - TO CONSIDER AND APPROVE THE RE-CONSTITUTION OF AUDIT COMMITTEE UNDER SECTION 292-A OF THE COMPANIES AMENDMENT ACT, 2000.

The Board was informed that due to the resignation of the Chairman of the Audit Committee, the Board decided to re-constitute the Audit Committee under the provisions of Companies Act, 1956. Mr. K. Aggarwal, Chairman of the Audit Committee and Mr. J. Singh, Managing Director, were appointed as members of the Audit Committee.

10/10/02

Managing Director and Sh. K.K. Gupta, has been appointed as Managing Director of the Corporation.

The Board after deliberations approved the withdrawal of Sh. M.K. Aggarwal from the Audit Committee and appointment of Sh. K.K. Gupta, Managing Director as member of the Audit Committee and passed the following resolution:-

"RESOLVED that the withdrawal of Sh. M.K. Aggarwal from the Audit Committee and appointment of Sh. K.K. Gupta Managing Director, as member of the Audit Committee be and is hereby approved.

ITEM NO. 14.10 - TO CONSIDER AND APPROVE THE APPOINTMENT OF TAX AUDITORS FOR THE FINANCIAL YEAR 2002-2003.

This item was deferred.

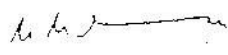
ITEM NO. 14.11 - TO CONSIDER AND APPROVE THE INCREASE IN THE REMUNERATION OF M.S. S.K. SIKKA & ASSOCIATES, COMPANY SECRETARIES.

This item was deferred.

ITEM NO. 14.12 - TO CONSIDER AND APPROVE THE INCREASE IN THE REMUNERATION OF M.S. VIVEK PRIME & ASSOCIATES, CHARTERED ACCOUNTANTS.

This item was deferred.

There being no other item to be discussed, the meeting ended with a vote of thanks to the Chair.


Managing Director


Chairman

AGENDA ITEM NO.15.4

FOLLOW UP ACTION ON THE DECISION TAKEN IN THE PREVIOUS MEETINGS OF BOARD OF DIRECTORS HELD ON 30.12.2003.

Item No. of Minutes	Decision taken	Follow up action
14.01	Leave of absence	No action required.
14.02	Confirmation of minutes of 12th and 13th meeting of the Board of Directors held on 24.6.2003 and 30.9.2003	No action required.
14.03	Follow up action on the decisions taken in the previous meetings of Board of Directors held on 24.6.2003 and 30.9.2003	No action required.
14.04	The Board had accepted the change in the rate of interest from 9.75% p.a. to 8.75% p.a. in the floating pattern and authorised the Managing Director to execute the loan agreement with HUDCO at this rate.	The necessary agreement has been executed between HSRDC and HUDCO on 31.12.2003.
14.05	The Board approved the preparation and erection of the hoardings at the site to be decided in consultation with the Deputy Commissioner of concerned District provided all legal provisions are complied with.	All the Suptt. Engineers have been authorised for the erection of 3 hoardings in their respective districts keeping in view all legal provisions.
14.06	The Board deferred the item regarding incurring of expenditure on construction of toll plaza and maintenance thereof till the decision on the bids invited for collection of toll.	This item has been separately taken in this agenda.
14.07	The Board ratified the collection of toll departmentally at 8 number toll points.	No action required.
14.08	The Board deferred the item regarding approving the delegation of powers to the Managing Director for payment of salary and other perks to the Officers Staff.	This item has been separately taken in this agenda.

14.09	The Board approved the withdrawal of Mr. M.K. Aggarwal from the Audit Committee and appointed Mr. K.K. Gupta Managing Director as a member of this Audit Committee.	No action required.
14.10	The Board deferred the item regarding appointment of tax auditors for the financial year 2002-03.	This item has been separately taken in this agenda.
14.11	The Board deferred the item regarding approval of increase in the remuneration of M s. S.K. Sikka & Associates, Company Secretaries.	This item has been separately taken in this agenda.

AGENDA ITEM NO. 15.05

To Study traffic counter matter & bring to board next time. 9/5/3

TO CONSIDER AND APPROVE THE EXPENDITURE ON RUNNING AND MAINTENANCE OF TOLL POINTS.

The Board may recall that various roads were improved under HHUP Project by taking loan from HUDCO so as to repay the loan. Haryana Govt. has decided to levy toll tax on some of these roads vide Govt. notification No. 9 106 2001-03 B&R (W) dated 2.1.2003 after completion of improvement work.

yes

The Cabinet has approved integrated toll policy in its meeting dated 19.09.2002 and as per this policy, the toll is to be levied on 32 toll points. At present, the toll is being collected at 16 Nos. toll points either by Department or through contractors. Where the toll point is being run by the Department, regular expenditure for running and maintenance of such toll points is being incurred by the department. The department is pressing hard for re-imbusement of this expenditure. The following estimates for running and maintenance of toll points have been prepared for one year period.

Sr. No.	Name of Road	Amount of Estimate
1.	Gurgaon Pataudi Rewari road at km. 2.40 in Distt. Gurgaon.	Rs. 15,97,000/-
2.	Palwal Sohna Rewari road at km. 4.10 near Palwal City Distt. Faridabad	Rs. 15,97,000/-
3.	Palwal Sohna Rewari road in km. .49 near Bhiwadi town in Gurgaon Distt.	Rs. 15,97,000/-
	Total	Rs. 47,91,000/-

The Board is requested to approve the above estimates and authorise the Managing Director to incur the expenditure shown against them per year. For remaining such roads where toll is being collected departmentally, the Managing Director may be authorised to sanction the estimates for running and maintenance of toll points depending on site requirements but subject to the ceiling of Rs. 15.97 lacs p.a. for the period the toll points are run departmentally.

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AGENDA ITEM NO. 15.06

TO CONSIDER AND APPROVE THE DELEGATION OF POWERS TO THE MANAGING DIRECTOR FOR PAYMENT OF SALARY AND OTHER PERKS TO THE OFFICERS/STAFF.

The Corporation was incorporated under the Companies Act, 1956 on 13.5.1999. As per decision taken in the CMM dt. 01.02.1999, it was decided that Govt. would bear cost of establishment and other expenses of HSRDC for the initial period of 2 years till the scheme starts generating revenues. In the initial period of 2 years, all the officers and staff would be taken on deputation or function ex-officio from P.W.D (B&R) Department and the establishment expenses shall be borne by P.W.D (B&R). The Govt. had accorded approval vide memo No . 9 233 98-3 B&R (W) dt. 4.8.99 and 16.2.2000 for the creation of following posts in the HSRDC as under:-

- | | | |
|----|---|---------------------------------------|
| 1. | Executive Engineer 1(one) | On deputation from P.W.D (B&R) Deptt. |
| 2. | Company Secretary Cum Chartered Accountant 1(one) | To be recruited from open market. |
| 3. | Sub Divisional Engineer 1(one) | On deputation from P.W.D B&R Deptt. |
| 4. | Assistant Programmer 1(one) | On deputation from HARTRON |
| 5. | Assistant Cum Accountant 1(one) | On deputation from P.W.D B&R Deptt. |
| 6. | Senior Scale Stenographer 1(one) | -do- |
| 7. | Driver 1(one) | -do- |
| 8. | Peon 2 (two) | -do- |
| 9. | Personal Assistant. | -do- |

Since, more than 2 years have already passed and HSRDC has started generating revenues, it is proposed that in future the administrative and establishment expenses be borne by the corporation from its own account and the Managing Director may be authorised to release the salary and other perks to the persons who are on the deputation from P.W.D. (B&R).

ass

Further, the P.W.D. (B & R) Deptt. has deputed one of its Personal Assistant who is attached with the Managing Director and his/her salary has to be paid w.e.f. 1.11.2003 by the Haryana State Roads & Bridges Development Corporation. The Managing Director may be authorised to release his/her salary w.e.f. 1.11.2003.

At present, the expenditure on account of salary comes to Rs. 1.40 lacs p.m.

The Board is requested to consider and approve the same and pass the following resolution.

RESOLVED THAT the Managing Director of Corporation be and is hereby authorised to make the payment of salary, leave salary, medical reimbursement, pension contribution and all other perks including establishment expenses to the officers/staff who are on deputation from P.W.D (B&R) against the posts sanctioned by the Standing Committee on Public Enterprises Govt. } No

FURTHER RESOLVED THAT the Managing Director of Corporation be and is hereby authorised to make the payment of salary of Personal Assistant on deputation from P.W.D. (B & R) w.e.f. 1.11.2003. } Yes

working results - one item always in agenda - Additional

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AGENDA ITEM NO. 15.07

TO CONSIDER AND APPROVE THE ALLOTMENT OF 73,67,700 EQUITY SHARE OF RS. 10 EACH TO THE GOVERNOR OF HARYANA AGAINST THE APPLICATION MONEY RECEIVED.

The Authorised share capital of Haryana State Roads Development Corporation Limited is Rs. 50 Crores and the paid up share capital is Rs. 42,63,23,000:-.

The Haryana Government being the promoter of this Corporation has released a sum of Rs. 65.25 Crores till date out of which equity share of Rs. 42.63 Crores have already been allotted.

HUDCO while approving the loan for the improvement of State Highways and MDRs/ODRs had desired the Corporation to maintain the debt equity ratio of 8 : 1. So far, HUDCO has released a sum of Rs.368.83 Crores to the Corporation. In order to maintain the debt equity ratio, the Corporation is required to increase its paid up share capital upto the limit of authorised share capital of the Corporation i.e. upto Rs. 50 Crores.

The Board is requested to approve the allotment of additional 73,67,700 equity share of Rs. 10 each in the name of Governor of Haryana to make the total paid up share capital to Rs. 50 Crores and pass the following resolution.

Resolved that 73,67,700 equity share of Rs. 10 each with distinctive numbers from 4,26,32,301 to 5,00,00,000 (both inclusive) be issued in the name of Governor of Haryana for the contribution received from Government of Haryana.

Further resolve that the share certificate be prepared and issued under the signature of the Managing Director & Sh. R.R. Sheoran Director & Sh. A.K. Jain, Executive Engineer, HSRDC as authorised signatory and the common seal of the Corporation be affixed on the share certificate in their presence.

Further resolved that the Managing Director of the Corporation be and is hereby authorised to file the prescribed return of allotment with the Registrar of Companies.

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AGENDA ITEM NO. 15.08

RE-CONSTITUTION OF AUDIT COMMITTEE UNDER SECTION 292-A OF THE COMPANIES AMENDMENT ACT, 2000

As per resolution passed by the Board of Directors in its 7th meeting held on 21.8.2001 (Agenda Item No.7.10). Audit Committee of Directors was constituted pursuant to provisions of Section 292-A of the Companies Amendment Act, 2000 which was changed due to change of Directors. At present, the following are the Members of the Audit Committee:-

- i) Sh. Chander Singh, IAS, FCPW - Director
- ii) Sh. Naresh Gulati, IAS, CPW - Director
- iii) Sh. R.R. Sheoran, E-in-C, Haryana PWD B&R - Director
- iv) Sh. K.K. Gupta, Managing Director,

Since, Sh. K.C. Sharma, IAS has been appointed as Director of the Corporation, the Board is requested to nominate Sh. K.C. Sharma, IAS Director as Members of the Audit Committee in place of Sh. Naresh Gulati, IAS.



AGENDA ITEM NO. 15.09

TO CONSIDER AND APPROVE THE FIXATION OF REMUNERATION OF STATUTORY AUDITORS.

The Comptroller and Auditors General of India vide its letter No. CA. VI COY/HARYANA, HSRDC(1) 891 Dated 26.02.04 has re-appointed M/s. Ashwani K. Gupta & Associates, Chartered Accountant, Panchkula as Statutory Auditors of the Corporation for the Audit of the account for the year 2003-04.

As per the Companies (Amendment) Act 2000, Section 224(8)(aa) and 619(2), the remuneration of the Statutory Auditors is to be fixed by the share holder of the Company. The matter was placed before the share holders in its Annual General Meeting held on 30.09.03 which had authorised the Board of Directors to fix the remuneration of statutory auditors.

The remuneration of the statutory auditors for the Financial year 2002-03 was fixed at Rs. 6000/- plus service tax. However, the statutory auditors had been demanding Rs.15,000/- for the year 2002-03 but they have been paid only Rs.6000/- since it was already approved by the share holders. This remuneration was fixed at the time when there was no toll collection and activities of Corporation were limited. However, due to the collection of toll at 16 toll points, the volume of the work has been increased tremendously. It is proposed that the remuneration of the statutory auditors for the financial year 2003-04 may be fixed at Rs., 12,000.- plus service tax and pass the following resolution.

Resolved that a consolidated remuneration of Rs. 12,000/- (Rs. Twelve thousand) plus service tax be paid to M/s. Ashwani K. Gupta & Associates, Chartered Accountant for the Audit of the accounts of the company for the financial year 2003-04.

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AGENDA ITEM NO. 15.10

TO CONSIDER AND APPROVE THE APPOINTMENT OF TAX AUDITORS FOR THE FINANCIAL YEAR 2002-03 & 2003-04.

As per provisions of Section 44 AB of the Income Tax Act, 1961, every individual firm, company or association of persons whose gross turnover or receipt is more than Rs. 40.00 lacs in any financial year is required to get its accounts tax audited. The turnover of the Corporation was Rs. 741 lacs for the financial year 2002-03 and it was required to get its accounts tax audited from the firm of Chartered Accountants.

M's Ashwani K. Gupta & Associates, Chartered Accountants who are also the statutory auditors of the Corporation had offered their services as Tax Auditors for the financial year 2002-03 at a remuneration of Rs. 10,000/- per annum plus service tax. Since, the Corporation was required to file the tax audit report with the income tax department on or before 30th November, 2003, the Balance-Sheet for the year 2002-03 were got audited from them and the tax audit report was filed with income tax department.

The remuneration of the **Statutory Auditors** for the Financial year 2002-03 was fixed for Rs. 6,000/- plus service tax by the share holders in its Annual General Meeting held on 28.10.02. As per the guidelines of the Institute of the Chartered Accountants of India, the remuneration of **Tax Auditors** should not be more than the remuneration of statutory Auditors, it is proposed that the remuneration of tax Auditors be fixed for Rs. 5,500/- plus service tax for the year 2002-03.

Further, since the work of the Corporation has increased tremendously, the appointment of the tax auditors for the year 2003-04 may be approved at remuneration of Rs.8000/- - service tax.

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AGENDA ITEM NO.15.11

TO CONSIDER AND APPROVE THE INCREASE IN THE RETAINERSHIP FEE OF M/S S.K.SIKKA & ASSOCIATES, COMPANY SECRETARIES

M/s S.K. Sikka & Associates, Company Secretaries were appointed on retainership basis at a fee of Rs. 2500/- per month w.e.f. 01.10.2002 for rendering professional services in accordance with the provisions of Companies Act, 1956.

Mr. S.K. Sikka who is the sole proprietor of this firm is advising on the company law matters regularly and visiting the Corporation atleast 10 days in a month. He also liaisons with the CAG and Statutory Auditors. The Corporation is fully satisfied with his performance.

The Corporation has received a request from M/s S.K. Sikka & Associates for increase in fee from Rs.2500/- to Rs.5000/- p.m.

Keeping in view the increase in the work and the performance, the Board is requested to kindly consider and approve the increase in their retainership fee form Rs. 2500/- per month to Rs. 4000/- per month.

3500/- ✓

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Dt 29/11/2002

AGENDA ITEM NO.15.12

TO CONSIDER AND APPROVE THE APPOINTMENT OF INTERNAL AUDITORS

The Corporation has received a letter No. 91/2002 ARO/HBPE(FD) dated 20.11.2002 (placed below) from Haryana Bureau of Public Enterprises, Finance Department inviting the attention of the Corporation for conducting internal audit in the State Public Enterprises and issued the guidelines for the same. As per Manufacturing and others Companies (Auditors Report) Order, 1988, the statutory auditors of the company are required to give in their report whether there is an adequate internal control procedure commensurate with the size of the Company or not. This would be applicable for those companies whose paid up share capital is Rs.25 lacs or more. Since, the paid up share capital of the company is more than Rs.25 lacs, it should have internal control system. The company may create internal audit cell within the organisation to undertake internal audit work in-house or the work could be got done from external firms of suitably qualified persons such as Chartered Accountants. Since, the Corporation does not have any employee having experience in the accounts, it is proposed that the internal audit work may be got done from the external firm of Chartered Accountants.

The Corporation has received the quotations from the following 3 firms of Chartered Accountants for conducting internal audit who will give their report on quarterly basis at a remuneration mentioned against their firm :-

Sr. No.	Name of the Firm	Remuneration
1.	M s. Jain Neeraj & Associates Chartered Accountants 5497-98, Nicholson Road Ambala Cantt.	Rs.7500.- per month
2.	M s. Jain Sharma & Chawla Chartered Accountants 107, Sector - 20, A, Chandigarh.	Rs.5000.- per month

6/6/20

3. M/s. Gautam Jain & Associates Rs.3000/- per month
Chartered Accountants
2124, Sector - 21 C,
Chandigarh.

Since, M/s. Gautam Jain & Associates have quoted the minimum remuneration of Rs.3000/- per month, it is proposed that the assignment may be given to the said firm and authorise the Managing Director to finalise the scope of the internal audit and other terms and conditions.

Not A / DA in each case.
is 3000/- per quarter.

No. 9/1/2002-ARO/HBPE/DFD

From

The Member Secretary,
Haryana Bureau of Public Enterprises,
Finance Department, New Secit. Bldg.
Sector-17, Chandigarh.

To

The Managing Director/Chief Administrator
Chief Executive Officer of all the State Public Enterprises
Cooperative Institutions in the State of Haryana.

Dated Chandigarh, the 20th November, 2002

Subject:- Guidelines for conducting Internal Audit in State Public Enterprises.

Sir,

I am directed to invite your attention to the subject noted above and to say that in order to ensure that the internal audit function in the State Public Enterprises is effective and useful and is carried out in an economical way, guidelines for conducting internal audit have been formulated. These guidelines have been approved by the Chief Minister, Haryana. A copy of these guidelines is enclosed herewith for information and necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Management Consultant,
for Member Secretary, Haryana Bureau of
Public Enterprises, Finance Department.

Encls. No. 9/1/2002-ARO/HBPE/DFD Date of Chandigarh, the 20th November, 2002

A copy of the guidelines for conducting internal audit in State Public Enterprises is forwarded to all the concerned Administrative Secretaries for information and necessary action.

Management Consultant,
for Member Secretary, Haryana Bureau of
Public Enterprises, Finance Department

2016/17

Guidelines for conducting Internal Audit in State Public Enterprises

Internal audit conducted by properly and by suitably qualified persons leads to detection of accounting mistakes, financial irregularities, deviation from prescribed procedures etc. This in turn enables the concerned organization to initiate corrective measures which are required and lead to proper utilization of resources as well as savings. Consistency of the Internal Audit function in the State Public Enterprises is effective and essential if it is carried out in an economical way. The following guidelines have been formulated:-

1) The internal audit work should be got done from external firms of suitably qualified persons such as Chartered Accountants. Specific criteria for selection of the parties/firms for carrying out internal audit should be evolved with the approval of the Board of Directors. These may be specific experience, availability of minimum number of qualified persons for the job, minimum turnover, reputation in the market, quantum of similar work done etc. However, those State Public Enterprises which have already created Internal Audit Cell within the organization for carrying out the internal audit should not use external agencies/firms.

2) The State Public Enterprises may create internal Audit Cell within the organization to undertake internal audit work in-house. However, the work should be got done by employing professional staff and minimum additional post staff shall be allowed.

3) The scope of internal audit should be well defined and conveyed to the prospective auditors and the nature of internal audit by a letter regarding all the reports submitted by the auditors should be clearly mentioned and read by all the staff primarily as well as the requirement of internal audit.

4) The internal audit should be carried out on a quarterly basis and the auditors should submit the report for each quarter latest by 25th of the month following the quarter i.e. by 25th July, 25th October & so on. The report should be placed in the closing meeting of the Board of Directors/Board of Administrators to enable the organization to identify and initiate corrective measures in areas wherever deficiencies have been pointed out by the internal auditors. The actions initiated alongwith their outcome should be apprised to the Board of Directors.

5) The concerned Chartered Accountant secretary should review the position in respect of the findings of the internal auditors as well as the corrective measures initiated by the concerned organization on a half yearly basis.

6) A copy of the quarterly report of the internal audit should be furnished to the I.D. nominal Director to the Board of Directors of the organization for perusal in advance.

7) The quantum of work assigned in internal audit should be carefully assessed on the basis of nature and size of the organization, number of field offices, type of transactions, number of auditors, etc. Keeping in view the quantum of work, past experience etc. an approximate estimate of the fees to be arranged for internal audit should be made, wherever applicable.

8) In case the amount of fees for internal audit is more than Rs. 50,000/- per annum, the approval of Government should be obtained. Moreover, the likely expenditure on internal audit is more than Rs. 200,000/- per annum, the matter should be referred to the Government/Ministry Administrative Department.

9) These guidelines shall be effective from the date of issue.

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