

AGENDA

FOR

8th Meeting

OF

BOARD OF DIRECTORS

HARYANA STATE ROADS & BRIDGES
DEVELOPMENT CORPORATION LTD.

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AGENDA ITEM NO.8.1

Leave of Absence

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

AGENDA ITEM NO.8.2

To take note of the appointment of Sh.Vivek Mehrotra, IAS, Commissioner & Secretary to Govt., Haryana, Public Works (B&R) Deptt. as Director of the Corporation.

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 has appointed Sh.Vivek Mehrotra, IAS, Commissioner & Secretary to Govt., Haryana, Public Works (B&R) Department as Director of the Corporation vide Govt. order No. 353/8,3 B&R (w) dated 4.1.2001

The Board is requested to take note of the above appointment and resolve to approve the appointment of Sh.Vivek Mehrotra, IAS, Commissioner & Secretary to Govt., Haryana, Public Works (B&R) Department as Director of the Corporation.

AGENDA ITEM NO.8.3

3

To take note of the appointment of Sh.M.K.Aggarwal, Chief Engineer (WB-II) as Managing Director of the Corporation.

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 has appointed Sh.M.K.Aggarwal, Chief Engineer (WB-II) as Managing Director of the Corporation vide Govt order No.422-B&R(E)-2-2001 dated 13.12.2001.

The Board is requested to take note of the above appointment and resolve to approve the appointment of Sh.M.K.Aggarwal, Chief Engineer (WB-II) as Managing Director of the Corporation.

AGENDA ITEM NO.8.4

To confirm the minutes of 7th Board of Directors meeting

Minutes are enclosed as Annexure-1 for confirmation.

AGENDA ITEM NO.8.5

Follow up action on the decision taken in the previous meeting of Board of Directors held on 21.8.2001.

Item No. of Minutes	Item	Follow up action
7.1	Leave of absence	No further action is required.
7.2	Confirmation of minutes of meeting of the Board of Directors	No further action is required.
7.3	Follow up action on the decisions taken in the previous meeting of Board of Directors held on 21.8.2001	
	Item No.3.12 - Approval of exemption of Income Tax under Section 10(23)(c) of the Income Tax Act.	Member Income Tax, Central Board of Direct Taxes, Delhi vide letter dated 25.9.2001 has requested for replying the observations raised vide their letter No.205/31/2000 IFA-II dated 26.3.2001. Since this letter was not received in the Corporation as such Board has been requested vide letter dated 29.10.2001 to supply copy of the letter so that matter may be resolved. Reply awaited from Member, Income Tax, Central Board of Direct Taxes though reminder dated 13.12.2001 and dated 6.2.2002 have been issued.
	Item No.4.7 - Appointment of Company Secretary	Comptroller & Auditor General of India, New Delhi has conveyed the concurrence of the Deptt. for entrusting the work of Company Secretary of the Corporation to Sh.R.R.Shahawal, on deputation as Finance Manager in HHUP in case he accepts the additional charge. On advice of Sh.R.R.Shahawal, he has requested to intimate about the terms and conditions and additional emoluments to be given to him for

		the additional charge as Company Secretary of the Corporation which is under process consideration.
7.4	Appointment of Statutory Auditors and finalisation of their remuneration	Shareholders in the 2 nd Annual General Meeting of the Corporation held on 28 th September, 2001 has approved that a remuneration of Rs.6000/- be paid to M/s S.C.Dewan & Co., Statutory Auditors for the audit of the accounts of the Corporation for the year 2000-2001.
7.5	Raising loan from HSDCO for improvement project of NDRs & ODRs in the Haryana Project	Agreement has been executed with HSDCO on 15.10.2001.
7.6	Annual accounts for the year 2000-2001 ending 31 st March, 2001	The annual accounts duly audited by Statutory Auditors had been sent to AG (Audit), Haryana for their report thereon. Audit observations made by AG (Audit) Haryana have been suitably replied by the Corporation and Statutory Auditors. The comments of the CAG under Section 610(4) have been received. The comments alongwith reply are placed as per Agenda 8.12 alongwith the Directors report.
7.7	Disclosing of interest by Directors under Section 299 of the Companies Act, 1956	No further action is required
7.8	Declaration under Section 274 (1)(g) of Companies Act, 1956 by the Directors	No further action is required
7.9	To fix the date and time for convening the 2 nd Annual General Meeting of the Shareholders of HSRDC for the year 2000-2001	The 2 nd Annual General meeting of the shareholders was held on 28 th September, 2001. No further action required.
7.10	Constitution of Audit Committee under Section 229A of the Companies (Amendment) Act, 2000	A meeting of the Audit Committee scheduled for 11.12.2001 could not be held as Sh.Prem Prashant, IAS, Director had been transferred and S.D.C. Sharma, Managing Director

		retired on 30.11.2001. Nomination of Sh.Vivek Mehrotra, IAS, Director and Sh.M.K.Aggarwal, Managing Director as Member of the Audit Committee is proposed as per Agenda Item No.8.10.
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AGENDA ITEM NO.8.6

Change in situation of Registered Office of the Corporation

Registered Office of the Corporation which was functioning in 99, Sector 4, Panchkula has been vacated. Registered Office is being shifted to PWD Complex, near Ghaggar Bridge on NH-73, Old Pan. Plaza, Haryana

The Board is requested to pass the following resolutions:-

“Resolved that the Registered Office of the Corporation be shifted from 99, Sector 4, Panchkula to PWD Complex, near Ghaggar Bridge on NH-73, Old Panchkula, Haryana w.e.f. 1st March, 2002. *g/v*

Resolved further that the Managing Director of the Corporation be and is hereby authorised to file the necessary return with the Registrar of Companies, Delhi and Haryana in Form No.18 pursuant to the Section 146 (2) of the Companies Act, 1956.

Resolved further that change in the place of Registered Office be made in the Name Board affixed at the Regd. Office as also in the Letter Heads, official publications, documents etc. pursuant to the provisions contained in Section 147 of the Companies Act, 1956.”

AGENDA ITEM NO.8.7

To authorise the Managing Director to make a request to the Govt. for change of shareholders.

As per provision of Clause 18 of the Articles of Association of the Company, the shareholder of the Company is liable to be removed by the Govt. and Govt. may cancel any appointment under this Clause and make fresh appointment. Minimum 5 shareholders are required to complete the quorum of the general meeting of the shareholders as per Companies Act 1956.

At present there are the following 7 nominal shareholders of the Corporation:-

- i) Sh.Virendra Nath, IAS, Financial Commissioner & Secretary to Govt. Haryana, Planning Department, Haryana, Chandigarh
- ii) Smt.Urvashi Gulati, IAS, Chief Electoral Officer and Commissioner, Elections, Haryana, Chandigarh
- iii) Sh.S.C.Chaudhary, IAS, Financial Commissioner & Secretary to Govt. Haryana, Industries Deptt., Haryana, Chandigarh
- iv) Sh.P.K.Das, IAS, Joint Secretary, Finance, Haryana, Chandigarh
- v) Sh.R.R.Sheoran, IAS, P.W.D B&R, Haryana, Chandigarh
- vi) Sh.Madan Mohan Seth, IAS, 1033, Sector 11, Chandigarh
- vii) Sh.Sube Singh, IAS, 2772, Sector 12-A, Panchkula

Sh.Madan Mohan Seth, the then Chief Engineer, PWD B&R has already retired from service and Sh.Sube Singh, the then Under Secretary, PW (B&R) Deptt. has expired.

In view of above, Board may please the Managing Director of the Corporation to make request to the State Govt. for nomination of Sh.P.C.Bidhan, IAS, Joint Secretary, Public Works, B&R Deptt. and Sh.M.K.Agarwal, Managing Director of the Corporation as shareholders to complete the quorum for the general meeting of the shareholders as per Companies Act 1956.

AGENDA ITEM NO.8.8

Opening of the Separate Project bank Account for the Scheme of improvement of MDRs and ODRs in Haryana Phase-I (Scheme No.16982), Phase-II (Scheme No.17035) and operation of separate project account (Current Account No.2023) with Corporation Bank, Chandigarh

The following resolution, passed by the Directors through circulation be noted and confirmed.

Item No.1 - Opening of Separate Project Bank Account for the Scheme of improvement of MDRs and ODRs in Haryana Phase-I (Scheme No.16982).

HUDCO has sanctioned Budget allotment of Rs.144.08 crores for the improvement of MDRs and ODRs Phase-I in Haryana (Scheme No.16982). As per the sanction letter, Escrow Account or separate Project Fund Account is to be opened and all the toll collections to be deposited in the same for repayment of HUDCO dues. Haryana Council of ministers in meeting held on 15.11.2000 approved that Escrow Account can not be operated independent by the Corporation and Separate Project Fund Account should be opened as per requirements of HUDCO.

It is proposed to open a separate project bank account under the style and name of "Haryana State Roads & Bridges Development Corporation Ltd. - Project A/c Improvement of MDRs and ODRs Phase-I". Separate Project account is to be opened with the Corporation Bank, Sector-8, Chandigarh because HUDCO has its own accounts in this Bank and all the cheques issued by HUDCO will be credited in the Separate Project Bank Account on the same day. Managing Director, HSRDC and Executive Engineer, HSRDC are authorized to create this account jointly. The Board of Directors of the Corporation is requested to pass the following resolutions:-

"Resolved that a Separate Project Fund Account under the name and style of Haryana State Roads & Bridges Development Corporation Ltd. - Project A/c Improvement of MDRs and ODRs Phase-I be opened in Corporation Bank, Sector-8, Chandigarh. Managing Director, HSRDC and Executive Engineer,



HSRDC be and are hereby authorised to sign application form and other papers which may be required for opening the said account.

Resolved further that Sh.P.C.Sharma, Managing Director, HSRDC and Sh.D.K.Verma, Executive Engineer, HSRDC are authorised to operate the above account jointly.

Resolved further that the Cash Book, Vouchers and details of Separate Projects Fund Account shall be maintained by the Finance Manger.

Resolved further that as and when any of the above officers operating the account jointly is retired or transferred, then the successor officer would automatically take his position and shall be one of the authorised signatory for operating the above said Separate Project Account jointly.

Resolved further that the above aforesaid bank be and is hereby authorised to honour all the cheques, drafts, bill of exchange, promissory notes and other negotiable instruments signed, drawn, accepted or made on behalf of the Company by the aforesaid persons.

Resolved further that the Executive Engineer of the Corporation be and is hereby authorised to send the copy of these resolutions to the Corporation Bank for further information and record."

Item No.11 - Opening of Separate Project BANK Account for the Scheme of improvement of MDRs and ODRs in Haryana Phase-II (Scheme No.17035)

HUDCO has sanctioned loan of Rs 150.53 for the improvement of MDRs and ODRs Phase-II in Haryana (Scheme No. 17035). As per the sanction letter, Escrow Account or separate Project Fund Account is to be opened and all the toll collections to be deposited with same for payment of HUDCO dues. Haryana Council of ministers in meeting held on 22.12.2010 approved that Escrow Account can not be opened in large sum and separate Project Fund Account should be opened for the purpose of the above scheme.



It is proposed to open a separate project fund account under the style and name of "Haryana State Roads & Bridges Development Corporation Ltd. - Project A/c Improvement of MDRs and ODRs Phase-II". Separate Project account is to be opened with the Corporation Bank, Sector-8, Chandigarh because HUDCO has its own accounts in this Bank and all the cheques issued by HUDCO will be credited in the Separate Project Fund Account on the same day. Managing Director, HSRDC and Executive Engineer, HSRDC, be authorised to operate this account jointly. The Board of Directors of the Corporation is requested to pass the following resolutions:-

"Resolved that a Separate Project Fund Account under the name and style of Haryana State Roads & Bridges Development Corporation Ltd. - Project A/c Improvement of MDRs and ODRs Phase-II be opened in Corporation Bank, Sector-8, Chandigarh. Managing Director, HSRDC and Executive Engineer, HSRDC be and are hereby authorised to sign application form and other papers which may be required for opening the said account.

Resolved further that Sh.P.C.Sharma, Managing Director, HSRDC and Sh.D.K.Verma, Executive Engineer, HSRDC are authorised to operate the above account jointly.

Resolved further that the Cash Book, Vouchers and details of Separate Projects Fund Account shall be maintained by the Finance Manger.

Resolved further that as and when any of the above officers operating the account jointly is retired or transferred, then the successor officer would automatically take his position and shall be one of the authorised signatory for operating the above said Separate Project Account jointly.

Resolved further that the above aforesaid bank be and is hereby authorised to honour all the cheques, drafts, bill of exchange, promissory notes and other

negotiable instruments signed, drawn, accepted or made on behalf of the Company by the aforesaid persons.

Resolved further that the Executive Engineer of the Corporation be and is hereby authorised to send the copy of these resolutions to the Corporation Bank for further information and record."

Item No. III- Operation of Separate Project Account (Current Account No.2023) of Haryana State Roads & Bridges Development Corporation Ltd. - Project a/c State Highways Phase-I and II with Corporation Bank, Sector 8, Chandigarh

Separate Project Fund Account of Haryana State Roads & Bridges Development Corporation Ltd. is being operated with the Corporation Bank, Sector 8, Chandigarh under the name and style of Haryana State Roads & Bridges Development Corporation Ltd. - Project a/c - State Highways Phase-I and II. The following officers are operating this account jointly :-

- i) Sh.Mahabir Singh, Executive Engineer, HSRDC
- ii) Sh.B.R.Shahawal, Finance Manager, HSRDC

Sh.D.K.Verma has joined as Executive Engineer in Haryana State Roads & Bridges Development Corporation Ltd. and Board of Directors of the Corporation are requested to pass the following resolutions :-

"Resolved that a Separate Project Fund Account under the name and style of Haryana State Roads and Bridges Development Corporation Ltd. - Project a/c State Highways Phase-I and II (Current Account No.2023) with Corporation Bank, Sector 8, Chandigarh shall be operated jointly by the Managing Director, HSRDC and Executive Engineer, HSRDC .

Resolved further that Sh.P.C.Sharma, Managing Director, HSRDC and Sh.D.K.Verma, Executive Engineer, HSRDC are authorised to operate the above account jointly.

Resolved further that the Cash Book, Vouchers and details of Separate Projects Fund Account shall be maintained by the Finance Manger.

Resolved further that as and when any of the above officers operating the account jointly is retired or transferred, then the successor officer would automatically take his position and shall be one of the authorised signatory for operating the above said Separate Project Account jointly.

Resolved further that the above aforesaid bank be and is hereby authorised to honour all the cheques, drafts, bill of exchange, promissory notes and other negotiable instruments signed, drawn, accepted or made on behalf of the Company by the aforesaid persons.

Resolved further that the Executive Engineer of the Corporation be and is hereby authorised to send the copy of these resolutions to the Corporation Bank for further information and record."

Resolved further that the Executive Engineer of the Corporation be and is hereby authorised to send the copy of these resolutions to the Corporation Bank for further information and record."

AGENDA ITEM NO.8.9

Revised procedure for utilisation of HUDCO loan

1. HUDCO has sanctioned loans to the Corporation as detailed below:-

Sr. No.	Name of Project	Loan amount	Project cost	Loan availed so far
ii	Improvement of State Highways Phase-I and II	217.08	217.08	102.91
iii	Improvement of MDRs and ODRs Phase-I	144.68	180.10	65
iii	Improvement of MDRs and ODRs Phase-II	150.53	188.16	19
iv	Improvement of State Highways Phase-III and IV	188.16	198.10	125.63
	Total	626.76 crores	783.44 crores	402.91 crores

Corporation has so far taken loan to the extent of Rs. 102.91 crores for the project of improvement of State Highways Phase-I and II in Haryana. Loan agreements for the two Projects amounting to Rs. 144.68 crores and Rs. 150.53 crores for the improvement of MDRs and ODRs Phase-I and II have also been executed by the Corporation with HUDCO, but no payments have been drawn so far. However, loan agreement for the project of improvement of State Highways Phase-III and IV has not been executed by the Corporation as the necessary approval of CMM for taking loan from HUDCO has not been received so far.

2. As per approval received from HUDCO, the loan being raised by the Corporation from HUDCO is being on left to the Corporation along with 20% counterpart funding. The Department will pay the loan amount and would also pay charges at 0.25% per annum on the loan amount to the Corporation. Haryana PWD, B&Z will pay the loan amount after completion of the

improvement of roads and would repay the principal amount alongwith interest to the Corporation within a period of 10 years for the project of State Highway and 15 years for the projects of MDRs and ODRs including construction period. Accordingly Corporation would repay the principal amount and the interest to HUDCO. On the basis of above procedure approved by the Govt. Agreement was executed between the Government of Haryana through Engineer-in-Chief, Haryana PWD B&R, Chandigarh and the Corporation on 7.12.2000 for advancing loan of Rs.217.08 crores to the Haryana Govt. for the improvement of State Highways Phase-I and II. Accordingly the entire loan amounting to Rs.102.91 crores received from HUDCO's term specific counterpart funding amount of Rs.17.40 crores out of the equity capital of the Corporation have been given to the Engineer-in-Chief, Haryana PWD B&R as loan. Agreement in respect of other loan Schemes between Corporation and Haryana Govt. through Haryana PWD B&R for the loan Schemes of improvement of MDRs and ODRs Phase-I and II have not been executed so far because of the audit objections raised by the AG (Audit), Haryana and no instalment has been drawn so far in respect of these projects.

3. Audit of the accounts of the Corporation for the year 2000-2001 was conducted by the Accountant General, Audit, Haryana in accordance with the provisions of Section 619 (B) of the Companies Act, 1956 because the Corporation is fully owned by the Haryana Govt. They have concluded that advancing of loan by the Corporation to the Haryana Govt. is totally illegal and against the provisions of the Companies Act, 1956. Further audit has raised following observation:-

at As per Clause 4.1.1 of the original conditions of Agreement executed by the Corporation with HUDCO, the borrower shall not without the prior permission of HUDCO invest any part of the loan money advanced by way of deposits, loan, share capital or otherwise of any concern and as per provisions of Clause 3.2 (iii)(3), the Borrower shall ensure that all advances made by HUDCO from time to time have been employed by the borrower exclusively and exclusively to cover the expenditure of the loan scheme and have not been diverted for any other purpose, whereas the entire amount of loan from HUDCO has advanced

the same to Haryana (7310 Rs.) The Corporation has not carried out any activity on their own.

ii) Performance main activity of the Corporation during the year is nil except taking loan from Haryana Govt. and advancing the same to Haryana Govt. in violation of the provisions of the Companies Act and main objects of the Corporation.

Audit have suggested that the Corporation may seek refund of loan from Haryana Govt. and start carrying out its own activity as per legal provisions.

As per the above audit observations, Corporation can not advance loan to the promoter of the Corporation i.e. Haryana Govt. and even Haryana Govt. can not take loan from the Corporation as per provisions contained in Constitution of India. The Corporation has to carry on its own activities in accordance with the main objects specified in the Memorandum of Association. The Corporation can only raise loan for carrying out such activities and it is not for advancing the loan to the Haryana Govt. which is not covered under the main object of the Corporation and is a violation of provisions of Companies Act, 1956.

4. In view of above facts, a meeting under the chairmanship of Chief Secretary, Haryana was held on 3.12.2007 regarding revival procedure for the utilisation of these loans by the Corporation. In this meeting the following decisions were taken:-

i) Haryana Govt. can not take loan from the Corporation without approval of the Govt. of India and it may not be desirable to seek approval of Govt. of India for taking these loans and as brought out by AGI (Audit), Haryana advancing of loan by the Corporation to the Haryana Govt. may not be in accordance with the provisions of Companies Act, 1956.

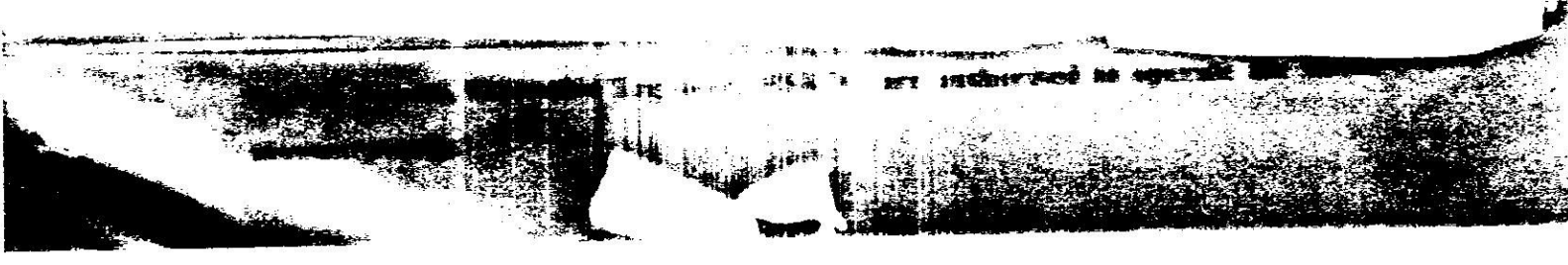
ii) Haryana Govt. may take loan from the Corporation for improvement of State Highways, MDR, etc. (100%) which is in accordance with the main object of implementation of the

projects by raising loans from HFDCO. Tolling rights of these roads will be given by the Haryana Govt. to the Corporation.

iii) No staff will be allocated to the Corporation for the purpose of project implementation and all the implementation work of the projects should be entrusted to PWD (B&R) Branch for executing works with the condition that no departmental charges are to be levied by the Haryana Government for the implementation of these projects. Funds will be deposited in phases by the Corporation with Haryana PWD (B&R) for the implementation of these projects who will deposit the funds in the Government treasury and thereafter obtain LOC from the Haryana Government for the equivalent amount for implementing these projects for road works. The department will provide Utilisation Certificate every month in respect of the funds utilised during the month, which will then be supplied to HFDCO after due verification by the Corporation. Funds will be deposited by the Corporation with Haryana PWD (B&R) branch for ensuring proper utilisation of the earlier releases.

iv) However it was decided that the Corporation should be activated and strengthened. The Corporation has to finance works of ROB's by raising loans for meeting 50% cost of the ROB's whereas balance 50% cost will be shared by the railways whenever a level crossing is to be replaced with ROB. The Corporation may be authorised to levy toll on these ROB's for repayment of loans. The Government should consider posting of independent Managing Director for activating the Corporation.

v) As per the loan proposals, HFDCO is to finance 80% of the cost of the projects, whereas balance 20% cost of the project is to be shared by the Haryana Government. The Government will provide its share of 20% funds to the Corporation in the form of grant which will also be invested by the Corporation on these roads in the form of tolls and would recover the same from toll collections.



- vii) As per this arrangement, the toll will be an immediate income of the Corporation and as such for meeting the expenditure of the Corporation, the Haryana Government or Haryana PWD (B&R) will pay service charges @ 0.25% per annum of the outstanding amount to the Corporation for implementing these projects on behalf of the Haryana Govt.
- viii) Haryana Government will reimburse the Corporation through issue of notification for levying and collecting toll from the project roads after the completion of improvement works. The toll collected by the Corporation shall be utilised for the repayment of principal amount and interest to HUDCO. However, as already decided by the Finance Department and CMM, if amount of toll collections is not sufficient to meet the liability of debt service and debt repayment, then the amount of shortfall shall be contributed by the Haryana Government through Budgetary support to the Corporation.
- ix) Loan agreement was entered into by the Corporation with Haryana Government through Haryana PWD (B&R) on 12.2.2001 for advancing loan to the Haryana Government for the project of improvement of State Highways Phase-I and II shall be in arrears with retrospective effect i.e. with effect from 1.4.2001 because the work started on this project by Haryana PWD (B&R) branch is also to be treated as part of work of the Corporation. No interest shall be payable by the Haryana Government on the amount paid by the Corporation out of its equity capital against 2% counterpart funding.
- x) It was decided that approval of CMM should be obtained for the above revised procedure for the availing of HUDCO loans and before submitting Memorandum for the availing of HUDCO loans this procedure should also be discussed with AG, Haryana to get their audit observation from their side on the revised procedure for availing of HUDCO loans.

5. The matter was discussed with the Comptroller General (Audit), Haryana vide letter dated 19.12.2001 and 23.12.2001 for seeking advice and confirmation of the above revised procedure for availing of HUDCO loans to the Corporation from Haryana PWD (B&R) as deposited in the Comptroller General's Audit, Haryana vide his DO



No. CA-1 HR B&Bridges 2001-02, dt. 27.11.2001, dt. 10.1.2002 has rendered the advice subject to the following reservations:-

- i) legal opinion of Sr. Legal Remembrancer that the proposal of the Corporation to get executed the provisions of Memorandum and Articles of Association of the Company and all other statutory provisions, be obtained
- ii) the H.D.C. (B&Bridges) works be executed from Haryana PWD (B&R) as deposit works by depositing the amount in the Treasury under the major head of Receipts (Civil Deposits), specifying the name of work of the scheme to which the particular deposit relates so that the accounts of each department entrusted by the Corporation to PWD (B&R) Deptt. may be kept separately, in such a manner that the Corporation will not act as a conduit to siphon off its funds to the State Government through the ways and means of the State Government.

6. In the meeting held on 27.11.2001 for the chairmanship of Chief Secretary, as mentioned in para 5 above, all P. and J. P. Haryana were present who subscribed to this opinion of getting the works executed by the Corporation from Haryana PWD (B&R) as deposit works. The matter was again referred to Legal Remembrancer, Haryana for advising if the proposed procedure of getting the works executed by the Corporation from Haryana PWD (B&R) as deposit works without paying departmental charges is in order and does not contravene the provisions of Memorandum and Articles of Association of the Corporation.

Legal Remembrancer and Sr. Secy. to Govt. Legislative Deptt. vide U.O. No.320-G/L/S/B&R-op-Bri-2002 dt. 10.1.2002 conveyed the following advice on the above subject:-

"Haryana State Road & Bridges Development Corporation Ltd. may enter into a contract/agreement with Haryana PWD (B&R) for getting the works executed as deposit works in accordance with the



provisions of the Memorandum to the object ancillary or incidental to the attainment of the objects of the Company."

In view of the above advice of the Legal Adviser, Haryana State Roads & Bridges Development Corporation has entered into settlement (arrangement) with the Haryana PWD (B&R) for executing works executed as deposit works subject to the condition that no departmental charges shall be levied by the Haryana PWD (B&R) for executing these works under this.

7. In order to implement the advice of Accountant General (Audit), Haryana and LR, Haryana, the following steps are proposed to be taken:-

- i) The works shall be got executed by the Corporation from Haryana PWD (B&R) as deposit works without paying any departmental charges.
- ii) The money of the Corporation for any other purpose except that for which it has been received by HSRDC from HUDCO. Therefore, the funds deposited by the Corporation with PWD (B&R) and State Government shall not be directed to any other work or Department of the State Government. It is ensured that the Corporation does not act as a front or conduit to pass its funds to the State Government. This will address the concern expressed by Accountant General (Audit), Haryana.
- iii) The implication of the advice of the Accountant General (Audit), Haryana is that the loan from HUDCO shall not be used by the State Government as a source for its ways and means position. In order to put a stop to the observation of the Accountant General (Audit), Haryana, it is ensured that the money for deposit work will be received by HSRDC by PWD (B&R) in phases depending upon the pace of completion of works and the amount of bills pending for payment. The bills raised by the Corporation from HUDCO shall be deposited in a separate project account of the

Corporation. The amount will be released by HSRDC to PWD (B&R) from time to time as per the actual requirements which shall be supported by proper utilization certificates for the earlier releases. PWD (B&R) will maintain a state account of utilisation of these funds. The amount released by HSRDC to Haryana PWD (B&R) will be deposited by the Department of the Govt. Treasury under the Major Head "8443 - Civil Deposits" specifying the name of the project in order to ensure proper accounting of the deposits and the expenditure. Corresponding LOCs shall have to be released by the Finance Department to Haryana PWD (B&R) within seven working days of depositing the funds in the Govt. Treasury. If the LOC is not released within 7 working days, it may again incur an accounting loss from the Accountant General (Audit), Haryana, which may mean that these deposits are being utilised to support the various liabilities position of the State Govt. which would amount to a strengthening of the loan funds to the State Government.

(iv) Modalities of implementation, outlined in sub paras (i) to (viii) of para 4 above are to be followed.

8. The matter was referred to Finance Department vide L.O. dated 11.1.2002 for conveying its concurrence in respect of proposals contained in para 7 above. Concurrence of the Finance Department is still awaited. Sh.M.K.Mighlani, IAS, the then FC, Finance and S.P.K. Das, IAS, then Joint Secretary, Finance Department, Haryana were present in the meeting held on 3.12.2001 under the chairmanship of Chief Secretary of Haryana wherein decisions indicated in para 4 above were taken.

9. The Council of Ministers has approved the revised procedure for utilisation of HUDCO loans as stated above in its meeting held on 14.2.2002.

The revised procedure for utilisation of HUDCO loans as approved by the CMM may kindly be considered and approved by the Board of Directors.



Agenda Item No.8.10

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 following Directors was constituted pursuant to provisions of Section 292-A of the Companies Act 1956:-

- i) Sh.A.N.Mathur, ICFE - Director
- ii) Sh.Prem Prashant ICFE - Director
- iii) Sh.R.R.Sheoran, ICFE, Baroda P.W.D BeCR - Director
- iv) Sh.P.C.Sharma, Member of Board

Sh.Prem Prashant, IAS - Director of Corporation has been transferred and Sh.P.C.Sharma, Managing Director has been transferred. Haryana Government has appointed Sh.Vivek Mehrotra, IAS Chief Engineer & Secretary to Govt. Haryana Public Works (B&R) Department as Director and Sh.M.K.Aggarwal, Chief Engineer (WB-II) as Managing Director of the Corporation.

The Board is requested to nominate Sh.Vivek Mehrotra, IAS Director and Sh.M.K.Aggarwal, Managing Director of the Corporation as Members of the Audit Committee.

Agenda Item No.8.11

Convening of 2nd adjourned Annual General meeting of the Shareholders of the Corporation

In its meeting held on 21st 03/2001, Board of Directors vide Resolution No.7.6 approved the Profit & Loss Account and the Balance Sheet alongwith other notes forming parts of the accounts for the financial year ending 31st March, 2000 and authorised Sh.P.C.Sharma, Chief Managing Director, Sh.R.R.Sheoran, Director and Sh.B.R.Shaahwal, Finance Manager to sign the same and thereafter to send the annual accounts duly authenticated to Statutory Auditors and A.G. (A). Hr. for their report.

Statutory Auditors submitted their audited report. The Accountant General (Audit), Haryana took and completed the audit of the audited annual accounts on behalf of the Comptroller & Auditor General of India in pursuance of the Statutory provisions under Section 619 (1) of the Companies Act, 1956. Their comments have now been received from the Accountant General (Audit), Haryana vide letter No.CA 2000-01 Hr. B&R 1345-46 dated 24th 03/2001 copy of which is annexed as Annexure-II.

In this connection, it is submitted that in accordance with the provisions of Section 166 read with Section 219 of the Companies Act, 1956, the Corporation is required to lay before the Annual General Meeting, the audited annual accounts alongwith statutory auditors reports and the comments of the Comptroller & Auditor General of India. In view of this, the 1st Annual General Meeting of the shareholders of the Corporation was held on 24th 03/2001. The audited annual accounts for the year 2000-2001 and comments of the Comptroller & Auditor General of India under Section 619 (1) of the Companies Act, 1956 were not available at that time for consideration and adoption by the shareholders. The 2nd Annual General Meeting was adjourned till the audited annual accounts and comments are available and the same be considered and adopted in the 2nd Annual General Meeting to be held on a later date to be decided by the Board of Directors.

The 2nd Annual General Meeting was called on 24.9.2001 and adjourned for want of audited annual accounts to be fixed and called, for which 21 days clear notice in writing is required to be given to the shareholders in accordance with Section 171(1) of the Act (ibid).

The Board of Directors are therefore requested to fix date and time for holding the 2nd Annual General meeting to receive, consider and adopt annual accounts duly audited alongwith the Auditors' Report, comments of the Comptroller and Auditor General of India and Director's Report. The Board is also requested to authorise the Managing Director to issue the notice for the 2nd Adjourned Annual General meeting under his signature. A copy of notice is attached which may also kindly be approved.

In the circumstances and facts of the case the Board of Directors may kindly consider and pass the following resolution :-

"Resolved that 2nd Adjourned Annual General meeting of the Corporation be convened on the _____ at _____ to take place at its Registered Office to receive, consider and adopt the Audited Annual Accounts, Director's Report, Audit Report alongwith comments of the Comptroller & Auditor General of India for the year 2000-2001, the replies of the management to comments of the Comptroller and Auditor General of India to be appended to the Director's Report.

Further resolved that Sh. M.K. Aggarwal, Managing Director of the Corporation be and is hereby authorised to issue the notice for the 2nd adjourned annual general meeting as per draft placed before the Board for calling the said adjourned Annual General meeting on behalf of the Board and to complete all other formalities required under the Companies Act, 1956.

Haryana State Roads & Bridges Development Corporation Ltd.
Registered Office PWD Compound, Old Panchkula on NH-73, Old Panchkula,
Haryana

No.HSRDC Ad.AGM 2002

Dated:

To

All Shareholders
HSRDC

M/s S.C Dewani & Co
Chartered Accountants
SCO no.99, 1, Panchkula Road, Panchkula,
Panchkula, Haryana

Notice

Notice is hereby given that the 2nd 12th 2002 Annual General Meeting of the shareholders of the Haryana State Roads & Bridges Development Corporation Ltd. will be held at Registered Office of the Corporation Panchkula on _____ at _____ hours to transact the following business:-

Ordinary Business:

To receive, consider and favour the aforesaid Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the period from 1st April, 2000 to 31st March, 2001, Auditors Report, comments of the Comptroller & Auditor General of India alongwith Director's Report thereon annexed herewith.

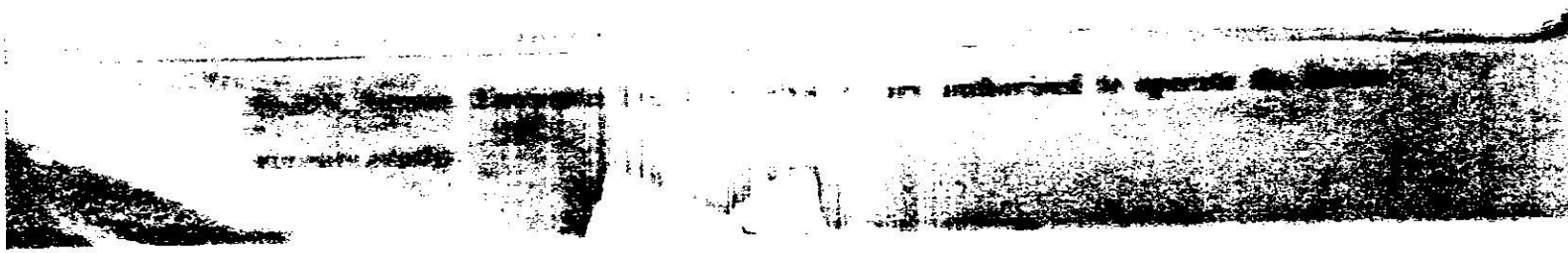
Place Chandigarh

By order of the Board
for Haryana State Roads & Bridges
Development Corporation Ltd.

Dated:

Note:

1. A member entitled to attend & vote at the meeting is entitled to appoint a Proxy to attend & vote instead of himself. The proxy need not be a member.
2. Blank proxy forms shall be available for use.



Annex-III

3. A copy of Balance Sheet, Profit & Loss Account Auditors Report, comments of the CAG on Profit & Loss Account's Report as on 31st March, 2001 is attached herewith

Encl: As above:

- 1. Governor of Haryana (to be communicated) & Secretary to Govt of Haryana, Public Works (B&P) Department, Chandigarh
- 2. Sh.Virender Nathi, IAS, Joint Secretary, Planning Department, Haryana, Chandigarh
- 3. Mrs. Divyashri Gidary, IAS, Joint Sectoral Officer and Commissioner, Election, Haryana, Chandigarh
- 4. Sh.S.C.Chauhan, IAS, Commissioner, Industries Deptt., Haryana.
- 5. Sh.P.K.Das, IAS, Special Secretary Finance, Haryana, Chandigarh.
- 6. Sh.R.R.Sheoran, I-in-Charge, B&P Deptt., Chandigarh
- 7. Sh.Madan Mohan Sethi, Member, Panchkula Complex, Panchkula.
- 8. Sh.Sube Singh, House No. 177, Sector 22-A, Panchkula

Form of Proxy

Haryana State Roads & Bridges Development Corporation Ltd.
Registered Office: PWD Office, Near Chhaggan Bridge on NH-73, Old Pauchkula

I, _____ of _____ in the district of _____
being a member of Haryana State Roads & Bridges Development Corporation
Limited hereby appoint, I _____ or failing him
_____ in the district of _____ as
my proxy to attend and to act on my behalf at the adjourned 2nd Annual General
meeting of the Corporation to be held on _____ and any
adjournment thereof.

Signed this _____ day of _____ 2000

Signature

Stamp

Agenda item No.8.12

Approval of Directors Report on the accounts for the period ended 31st March, 2001

According to the provisions as contained in section 217 of the Companies Act, 1956 and the rules made thereunder, the Board of Directors is required to attach to every balance sheet laid before a general meeting, a report on the state of affairs of the Corporation. This Directors Report as required is to be signed by the Chairman or the Managing Director and the Director of the Corporation if so authorised by the board.

Accordingly, the draft of the Directors Report prepared in accordance with various statutory requirements under the Companies Act, 1956 is attached as Annexure-A for approval. It is proposed that Sh. M. L. Sheoran, Managing Director and Sh. R. R. Sheoran, Director of the Corporation may be authorised to sign the same on behalf of the Board.

The board may kindly consider the following resolutions:-

"Resolved that the draft of the Directors Report for the year ending 31st March, 2001 as placed before the Board be and is hereby approved.

Further resolved that Sh. M. L. Sheoran, Managing Director and Sh. R. R. Sheoran, Director of the Corporation be and is hereby authorised to sign the Directors Report on behalf of the Board."

Draft Directors Report

Haryana State Road & Bridges Development Corporation Ltd.
(A State Government Undertaking)

Regd. Office: PWD Complex, Sector 10, Old Panchkula Bridge on NH-73 - Old Panchkula
Haryana

To

The Shareholders,

The Directors are pleased to present the 2nd Annual Report together with the audited accounts of 2nd year along with Auditor's Report and the comments of the Comptroller & Auditor General of India for the period ended 31st March, 2001

Financial Results:

The summary of the work and financial performance of the Corporation for the period under review vis-a-vis of the last year are as follows:-

Sr. No.		Current year (Rs. in laes)	Previous year (Rs. in laes)
1.	Profit/loss before depreciation	7.43	(-) 1.11
2.	Less provision for depreciation	0.17	0.01
3.	Net profit/loss (-)	7.26	(-) 1.10
4.	Provision for Income Tax	2.87	-
5.	Net profit (+) / loss (-) after tax	4.39	(-) 1.10
6.	Reserve & Surplus	3.20	

Operational Highlights

The Corporation has received a total amount of Rs. 26.76 crores from H.D.C.O. for improvement of roads, bridges and other Minor Dist. Roads and Other Dist. Roads in Haryana. The Corporation has also received Rs. 13.28 crores has



been received from HUDCO during the year for improvement of State Highways Phase-I and II. A loan of Rs.10.82 crores has been given to the Public Works (B&R) Department for the improvement of State Highways Phase-I and II during the year under review.

The advancing of loan by the Corporation to State Government has been objected in Audit on the ground that the same is not in accordance with the provisions of the Companies Act, 1956 and map objects specified in the Memorandum of Association of the Corporation. In view of this it has been decided that implementation of the project should be entrusted to PWD Back Branch as deposit work with the condition that no departmental charge will be levied by the State Government and Loan Agreement already executed with State Government through Haryana PWD B&R shall be scrapped with retrospective effect w.e.f. 1-4-2001.

Financial Structure

During the year under review the authorised share capital of the Corporation has been increased from Rs.5.00 crores to Rs.10.00 crores. The authorised share capital of the Corporation is Rs.50.00 crores. Out of this the issued, subscribed and fully paid equity share capital of the Corporation as on 31-3-2001 was Rs.10 lacs. Shares amounting to Rs.778.23 lacs have been allotted to the Governor of Haryana after this date.

Particulars of Employees

Information required under Section 217 2A of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 1988 is nil.

Foreign Exchange Earning and outgo

During the year under review the Corporation did not earn any foreign exchange and there was not outgo of foreign exchange.

Conservation of Energy

Information required under Section 217 (1) (c) of the Companies Act, 1956 with respect to the conservation of energy and forming part of the Directors Report is NIL.

Change in the Board of Directors

During the year under review, the State Government appointed Sh.Vishnu Bhagwan, IAS, Sh.L.M.Goyal, IAS as Chairman, Sh.Vivek Mehrotra, IAS, Sh. Prem Prashant, IAS as Director, Sh.S.P. Aggarwal and Sh.P.C.Sharma as Managing Director of the Corporation. Sh.Vishnu Bhagwan, IAS, Sh.L.M.Goyal, IAS, Sh.Vivek Mehrotra, IAS, Sh.S.R.Aggarwal and Sh.M.M.Seth ceased to be Chairman-Director-Managing Director Joint Managing Director of the Corporation during the year under review.

Auditors

M/s S.C.Dewan & Co. Chartered Accountants, Panchkula were appointed by the Comptroller & Auditor General of India under Section 619 (2) of the Companies Act, 1956, statutory Auditors of the Corporation for auditing its accounts for the year ended 31st March, 2001.

Public Deposits

During the year under review, the Corporation did not receive any public deposits under Section 50(A) of the Companies Act, 1956.

Comments of the CAG of India

The comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of the Corporation for the year 2000-2001 alongwith reply of the management are given in the Annexure-I.

Mr. B.K. Sharma, Executive Director, USRDC are authorized to operate the above account hereby.

Acknowledgement:

The Board of Directors gratefully acknowledge the support given by the State Government, Department of P.W.D., B&R, Haryana, Deptt. of Finance, Haryana and H.U. DCO during the past few years and look forward to it in the years ahead.

Place: Panchkula

For and on behalf of the Board

Dated:

Director

Managing Director

RECEIVED BY: [Signature] [Date] [Time] [Location] [Address]

Comments of Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of Haryana State Roads & Bridges Development Corporation Ltd. for the year ending 31st March, 2001

Reply to comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the account of Haryana State Roads & Bridges Development Corporation Ltd for the year ending 31st March, 2001.

<p>1. Balance Sheet</p> <p>Liabilities</p> <p>Loan Funds</p> <p>Secured Loan - Rs.13,28.81 lacs</p>	<p>The above represents loan from HFDCC which has been guaranteed by the State Government of Haryana. As this loan is not secured by any tangible security it should have been shown as unsecured loan as per Part I of Schedule VI to the Companies Act, 1956.</p>	<p>1. As per Schedule VI, Part-I of the Companies Act, 1956 it has been provided that nature of the security to be specified in each case under secured loan. The loan covered under the Committee of State Government as such it has been reflected as secured loan. However in view of comments of the Comptroller and Auditor General of India the loan from HFDCC would be shown as "Unsecured loan" in the Accounts for the year 2001-2002.</p>
<p>Assets</p> <p>Current Assets - Rs. 13,28.81 lacs</p> <p>Sundry Debtors</p> <p>Other Debt - Rs. 2.24 lacs</p>	<p>This represents amount of interest recoverable from State PWD on the loan advanced by the Company. As such it should have been shown under loans and Advances as per Part-I of Schedule VI to the Companies Act, 1956. This has resulted in over statement of Sundry debtors and under statement of loans and advances.</p>	<p>As per Schedule VI Part-I of the Companies Act, 1956 it is provided that Sundry Debtors include the amount due in respect of goods supplied or in respect of other contracts entered into. The amount of interest refers to loan given to PWD on account of Department which is the income and amount recoverable on the nature of debt only instead of loan. However, the Corporation has now decided not to give loan to the PWD. B&R Department has not and loan agreement already executed by the Corporation with PWD B&R Department on 7.12.2000 be scrapped with retro operative effect i.e. w.e.f. 1.1.2001.</p>

General

A reference is invited to para 6 of the Annexure to the Statutory Auditors Report wherein it has been stated that no loans and advances have been given by the Company. The Company has given an unsecured loan of Rs.168,88,88 (refer Schedule V) to the State Government for carrying out its activities of PWD (B&R). As such, the report of the Statutory Auditors is deficient to that extent.

The loan given to State Government is not of general nature but meant for specific activities which were to be undertaken by the Corporation Statutory Auditors has stated that they are of the opinion that no loans have been granted relates to other than the specified in the balance sheet itself like loan to staff, suppliers, customers etc and in that context they have mentioned in their report that no loans have been granted by the company other than those specifically depicted in the Balance Sheet

(25)