

Phone 2711390

Fax: 0141-2711178

Rajasthan State Road Development & Construction Corporation LTD.

(A GOVERNMENT OF RAJASTHAN UNDERTAKING)

Regd. Office "SETU BHAWAN" Opp. Jhalana Doongri, Agra ByePass Road, JAIPUR -302004

D-17(26)/

Dated 07-03.09

1. Dr. Dinesh Kumar Goyal, (Chairman of the Committee)
Principal Secy. to Govt., PWD.
2. Shri Abhay Kumar, Secretary to Govt., Finance (Exp.) (Member)
3. Shri Manohar Lal Mathur, Managing Director, RSRDC Ltd. (Member)

Sub:- **Circulation of Accounting Manual as approved by Audit Committee Meeting held on 25-09-08.**

Sir,

The Accounting Manual as approved by Audit Committee of Directors Meeting held on Tuesday the 25 day of November, 2008. is enclosed for information please.

The manual has come into effect immediately for which suitable directions are being given to Financial Advisor / General Manager.

Thanking you,
Yours faithfully,

(R. K. SINGHAL)
Company Secretary

Copy to following :-

1. Financial Advisor/ General Manager, RSRDC, Jaipur for information with the request to please take suitable stapes for implementing the same and to provide the action taken report so that the same may be placed in the next meeting of Audit Committee.
2. Chief Project Manager, RSRDC, Jaipur.

Company Secretary

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D-17(26)/

Dated 09-03.09

1. Dr. Dinesh Kumar Goyal, (Chairman of the Committee)
Principal Secy. to Govt., PWD.
2. Shri Abhay Kumar, Secretary to Govt., Finance (Exp.) (Member)
3. Shri Manohar Lal Mathur, Managing Director, RSRDC Ltd. (Member)

Sub:- **Notice of Audit Committee Meeting.**

Sir,

Notice is hereby given that the meeting of Audit Committee of Directors (Constituted u/s 292 A of the Companies Act 1956) shall be held on Monday the 16th day of March , 2009 in the Chamber of Principal Secretary to Govt. PWD (Room No. 75, Main Building) Govt. Secretariat, Jaipur at 11.30 AM.

The agenda for the meeting is under preparation and shall be submitted very soon. Kindly make it convenient to attend the meeting.

Thanking you,
Yours faithfully,

(R. K. SINGHAL)
Company Secretary

Copy to following :-

1. General Manager, RSRDC, Jaipur
2. Chief Project Manager, RSRDC, Jaipur.
3. Financial Advisor, RSRDC, Jaipur for information with the request to please invite Internal Auditors and statutory auditors to attend the meeting. May please note that it is a requirement of Companies Act 1956.

Company Secretary

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Regd. Office "SETU BHAWAN" Opp. Jhalana Doongri, Agra ByePass Road, JAIPUR -302004

D-17(27)/

Dated 13-03.09

1. Dr. Dinesh Kumar Goyal, (Chairman of the Committee)
Principal Secy. to Govt., PWD.
2. Shri Abhay Kumar, Secretary to Govt., Finance (Exp.) (Member)
3. Shri Manohar Lal Mathur, Managing Director, RSRDC Ltd. (Member)

Sub:- **Agenda of Audit Committee Meeting.**

Sir,

Please find enclosed herewith agenda for the meeting of Audit Committee of Directors (Constituted u/s 292 A of the Companies Act 1956) which is schedule to be held on Monday the 16th day of March , 2009 in the Chamber of Principal Secretary to Govt. PWD (Room No. 75, Main Building) Govt. Secretariat, Jaipur at 11.30 AM.

Kindly make it convenient to attend the meeting.

Thanking you,
Yours faithfully,

(R. K. SINGHAL)
Company Secretary

Copy to following :-

1. General Manager, RSRDC, Jaipur
2. Chief Project Manager, RSRDC, Jaipur.
3. Financial Advisor, RSRDC, Jaipur for information with the request to please invite Internal Auditors and statutory auditors to attend the meeting. May please note that it is a requirement of Companies Act 1956.

Company Secretary

AUDIT COMMITTEE MEETING

RAJASTHAN STATE ROAD DEVELOPMENT & CONSTRUCTION CORPORATION LTD
(A Government of Rajasthan Undertaking)

Venue : Chamber of Principal Secretary to Govt. PWD
(Room No. 75, Main Building),
Govt. Secretariat, Jaipur

Date & Time : 16th day of March , 2009 at 11.30 AM

AGENDA FOR AUDIT COMMITTEE MEETING

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AUDIT COMMITTEE MEETING

ITEM NO. 1

NOTE FOR CONSIDERATION OF THE AUDIT COMMITTEE

Sub: - **Confirmation of Minutes of the last meeting.**

The Minutes of the last meeting held on Tuesday the 25 day of November, 2008 were circulated to all the directors vide no. D-17(26)/20190-96 dated 02.12.08.

No comments have been received from any of the directors/Members. The committee is requested to consider and confirm the minutes.

AUDIT COMMITTEE MEETING

ITEM NO. 2

NOTE FOR CONSIDERATION OF THE AUDIT COMMITTEE

Sub: - **Follow up action on previous Audit Committee Meeting's decisions held on 25.11.08 .**

Item No.	Particulars	Compliance						
2	<p>Confirmation of Minutes of the last meeting</p>	<p>No further action needed.</p>						
	<p>Item No. 5 Approval of Accounting Manual of RSRDC Final Accounting Manual shall be circulated to all concerned.</p>	<p>Copy of the Final Accounting Manual has been circulated to the Members of the Committee vide D-17(26)/24371-76 dated 07.03.09</p>						
3	<p>Follow up action on previous Audit Committee Meeting's decisions. While reviewing the action taken report the following decisions were taken: -</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Item No.</td> <td>Particular</td> </tr> <tr> <td>3</td> <td>Recovery of outstanding:</td> </tr> <tr> <td>29.03.08</td> <td>The committee expressed its displeasure on the noncompliance of its decisions.</td> </tr> </table> <p>1. (i) Factual statement about the level of outstandings work wise as on 31.03.08 and 31.10.08 specifying the new outstandings, separately with reasons for outstanding with the direction to place the same to Chairman of the Committee by 01.12.08. It was further decided that outstanding be classified on the basis on age of outstandings (Outstanding for > 3 months > 6 months > 1 year > 3 years.</p> <p>(ii) Level of losses on tendered work with Justification.</p> <p>Loss on Tendered works: - It came to the notice of the Committee that inspite of the report of GM making recommendations for reduction</p>	Item No.	Particular	3	Recovery of outstanding:	29.03.08	The committee expressed its displeasure on the noncompliance of its decisions.	<p>The desired information with concerned file was submitted to VC on 03.12.08 and same has been resubmitted to V.C. after replying the queries.</p> <p>Report on the level of losses on tendered works taken up by the Corporation & not financially closed is enclosed herewith (Annexure- 'A')</p>
Item No.	Particular							
3	Recovery of outstanding:							
29.03.08	The committee expressed its displeasure on the noncompliance of its decisions.							

in losses on tendered works losses in tendered works continue to increase. The committee, after discussions, approved the following:

A report on level of losses on each completed tendered work to be prepared specifying the justification/ reasons of losses. Corrective measures to be taken should be prepared within one months and another review be carried out & placed before V.C. specifically mentioning the level of loss on each completed tendered work taken up by RSRDC so far and not financially closed.

4 **To consider report given by the Internal Auditors for the year ending 31 March 2008 on Internal Audit/ Control System and its compliance**

While discussion Internal Audit report following decisions were taken: -

1. Expenditure beyond amount deposited from client: - RE concerned should be held responsible for this. A statement for the same be placed in the next meeting.

Statement of excess expenditure beyond amount deposited by client is placed at (Annexure –'B')

2. A committee of FA/ Sr. AO together was made to devise a mechanism for handling Internal Audit and to take timely corrective measures on the paras of audit. The following were the guidelines for the same.

As directed the programme of quarterly internal audit for first half (1st & 2nd Quarter) has been issued vide office order No. C-10/IA/2008-09/20689-753 dt: 19.12.08.

i) Quarterly Internal Audit programme.

As directed the order referred at para 4.2.1 has been issued for in house audit team.

ii) Audit by in house team/ no audit from outsiders.

iii) Paras may be categorized as per ABC analysis and authority for taking actions for type of paras be decided.

As directed the A,B,C, analysis has been categorized and statement enclosed at (Annexure- 'C')

While discussing specific paras the following decisions were taken: -

5

1. Disciplinary action be taken against Resident Engineer, Delhi for giving advance of Rs. 43.00 lacs to Pvt. Parties as pointed out in report.

2. Disciplinary action be initiated against all the concerned pointed out in individual paras, after enquiry.

3. Corrective action for all observations be taken.

4. Compliance of internal audit report, together with comments of FA/ MD, to be placed within 3 months.

To Consider and recommend to the Board the Board the draft Balance Sheet, Profit & Loss Account and Schedules thereon with Cash flow Statement thereon for the year ended 31 March 2008.

It was further directed that: -

1. A meeting of all RE's Accounts personnel posted at units be called which shall be addressed, apart from others, by Shri P. P. Pareek, Director & by Statutory Auditors.

2. It was also decided that time to time suggestions given by Statutory Auditors in their various memos should be compiled with.

3. A team of FA/ GM was constituted for analysis of the amount shown in "Work In Progress" Rs.40.02 crores and the details be placed in next meeting.

4. It was also decided that Work In Progress not cleared within 6 months after physical completion be put-up before Audit Committee for information together with

1. Explanation called from concerned RE and reply along with justification received. The reasons given by the RE are being examined.

2. Irregularities pointed out by internal auditors are being examined.

3. Noted for compliance.

4. Reply to compliance of observation by RE's is being examined.

Complied with

1. As Shri P. P. Pareek, ceased to be the Director of the Corporation, meeting of all Resident Engineers and Accounts Personal was called by the Managing Director and Financial Advisor.

2. Directions issued to all concerned are regarding strict compliance of various memos.

3. Analysis of the amount shown in "Work In Progress" for Rs. 40.02 Crores is submitted for perusal of the Committee (Annexure- 'D'). The Financial Closure of these works is in progress and shall be submitted in the next meeting.

4. Now as and when works are physically completed, some are also being financially closed

comments of MD.

5. About tender loss on NTPS work of Residential Housing Complex at Noida, it was reported that a loss of Rs. 54.01 lacs have been booked during 2007-08. It was stated that work was completed in 1994 but as the claims of RSRDC were rejected by the client and final payment made this year, loss could be booked only in this year.

A report be put up as to why loss could not be booked in the year of completion as profit was booked in that year and loss is being booked now.

6 **To consider the draft Audit Report by the Statutory Auditors.**

The Committee perused the draft Audit Report given by the Statutory Auditors, which is self explanatory.

After the above discussions the committee decided to approve and recommend adoption by the Board the draft Balance Sheet as at 31 March 2008. Profit & Loss Account with Schedules thereof and also the Cash Flow statement for the year ended 31 March 2008.

The issue regarding penalty on tendered work was discussed. The committee, after due consideration, decided that cases in which penalty @ 5% of cost of work of Rs. 10,00,000/- which ever is higher be brought to the notice of VC and be placed in Audit Committee Meeting. It was also decided that a statement of penalty, together with reasons & steps for non recurrence of losses, be placed in Audit Committee Meeting from time to time.

7 **To recommend appointment of Internal Auditors to Board of Directors and Fixing of their remuneration**

The committee considered and recommended to the Board that Internal Audit be done by team of RSRDC staff on quarterly basis.

8 **Add. Items: -**

1. It was decided that the Audit Committee Meeting shall be held every quarter.

5. The Final Settlement of our claims have been made by the NTPC in the year 2006-07 only, therefore loss has been accounted in the year 2007-08

Noted and complied

Generally interim penalty by client is imposed which is waived / reduced at the finalization of work. The final penalty imposed by client shall be intimated.

Complied with and necessary orders have been issued.

1. Noted for compliance.

- | | |
|---|---|
| <p>2. The legal compliance certificate shall be placed in every meeting jointly signed by Managing Director & Company Secretary.</p> | <p>2. Complied with and copy of same is enclosed at Annexure- 'E'</p> |
| <p>3. The FA explained that there may be huge liability of Income Tax on BOT works if agreement with PWD is not entered specifically in case of BOT work's of Chomu-Ajitgarh and Hanumangarh – Suratgarh Roads including ROB for which concession periods have been revised vide orders dated 19.11.2008. It was directed that agreement of each BOT project be got executed with PWD. It was directed that concession period of toll Projects be changed after taking approval from PWD.</p> | <p>3. The matter has been moved to Chief Engineer, PWD Rajasthan for entering into concession agreements of BOT works. Needful is awaited from PWD.</p> |
| <p>4 To consider report given by the Internal Auditors for the year ending 31 March 2008 on Internal Audit/ Control System and its compliance</p> | |
| <p>2. A committee of FA/ Sr. AO together was made to devise a mechanism for handling Internal Audit and to take timely corrective measures on the paras of audit. The following were the guidelines for the same.</p> | |
| <p>i Quarterly Internal Audit programme.</p> | <p>As directed the program of Quarterly Internal Audit for First Half (1st & 2nd Quarter) has been issued vide office order No. C-10/IA/2008-09/20689-753 dated 19.12.2008. The copy of order enclosed.</p> |
| <p>ii Audit by in house team/ no audit from outsiders.</p> | <p>As directed the order referred at para 4.2.I has been issued for in house audit team.</p> |
| <p>iii Paras may be categorized as per ABC analysis and authority for taking actions for type of paras be decided.</p> | <p>As directed the A,B,C analysis has been categorized and statement enclosed.</p> |
| <p>4. Compliance of internal audit report, together with comments of FA/ MD, to be placed within 3 months.</p> | <p>As directed the compliance received from various units are enclosed.</p> |

NOTE FOR CONSIDERATION OF THE AUDIT COMMITTEE**Sub: Legal Compliance Certificate.**

Certified that as on and up to the date of this Certificate, there has been due compliance with all the laws, orders, regulations and other legal requirements of the Central, State and other Government and Local Authorities concerning the business and affairs of this Company and in particular.

- 1.a) That all sums required to be deducted in accordance with the provisions of the Income-Tax Act, 1961, have been properly deducted and further certified that all the sums so deducted have been paid or will be paid within the prescribed time to the credit of the Central Government in pursuance of Sec. 200 of the Income Tax Act, 1961, the Income-Tax, Sales tax disputed cases for which appeals have been filed are enclosed separately.
- b) That proper deductions have been made from the salaries of the employees of the Company, as required by the Provident Fund Act and Schemes there-under, and that such deductions have been duly paid to the Authorities concerned and the prescribed particulars and forms have also been filed with these Authorities within the time allowed by the law.
- 2.a) That there has been no breach by the Company of any of the provisions of the Industrial Disputes Act, Industrial Relations Act (s), Payment of Bonus Act, Provident Fund Act and other Labour Legislations Governing the Company and its establishments. All record relating to Labour laws have been maintained properly in accordance with the provisions of relevant Acts and the Rules made there under.
- b) That all Statutory Books and Records have been maintained properly in accordance with the provisions of Companies Act and the Rules made there under.
- c) That all returns and forms have been filed and particulars furnished to the Registrar of Companies and/ or Authorities as required by the Companies Act, 1956 and the Rules made there under.

This Certificate is given by the undersigned with full knowledge that, on its faith and strength, reliance is placed by the Board of Directors of the RSRDC.

(R. K. SINGHAL)
Company Secretary

(M.L. MATHUR)
Managing Director

AUDIT COMMITTEE MEETING

ITEM NO. 4

NOTE FOR CONSIDERATION OF THE AUDIT COMMITTEE

Sub: Internal Audit Report.

As per decision taken in the Audit Committee Meeting held on 25.11.2008, the internal Audit of the units was conducted by in house teams as per office order dated 19.12.2008.

From the various parties deputed for internal audit reports in respect of 4 units viz. Bikaner-I, Bikaner-II, Delhi and Jaipur-III have been received. The reports have been sent to respective units for sending compliance in required format. Other parties have been reminded for submitting the same at the earliest. Detailed analysis as per Audit Committee Meeting decision along with comments shall be submitted in next meeting.

AUDIT COMMITTEE MEETING**ITEM NO. 5****NOTE FOR CONSIDERATION OF THE AUDIT COMMITTEE****Sub: Half Yearly financial results for the period ending Sept. 2008**

The un-audited Half yearly accounts of the RSRDC Ltd. for the period ending Sept. 2008 are enclosed herewith for kind perusal of members of Audit Committee. Following is the summarized financial results: -

(Rs. in lacs)

S. No.	Particulars	2007-08	2008-09 (ending 09/08)
1	Authorized Capital	2000.00	2000.00
2	Paid up Capital	1000.00	1000.00
3	Reserve & Surplus	2841.78	3051.81
4	Turnover		
	(i) Cost Plus Works	14888.67	11811.64
	(ii) Tendered Works	2121.39	1023.64
	Total	17010.06	12835.28
5	Profit before Tax	648.83	215.06
6	Over Heads	1526.39	818.48
	% of Over Heads	8.97	6.37

AUDIT COMMITTEE MEETING

ITEM NO. 6

NOTE FOR CONSIDERATION OF THE AUDIT COMMITTEE

Sub: **Any other item.**