

# Anil Karol & Company

Chartered Accountants

## AUDITORS REPORT

### The Shareholders

**Himachal Pradesh Road & Other Infrastructure Development Corporation Ltd.  
Shimla**

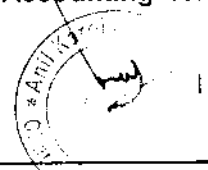
We have audited the Attached Balance Sheet of **Himachal Pradesh Road & Other Infrastructure Development Corporation, Ltd., Shimla (H.P.)** as at 31<sup>st</sup> March 2008 and also the Profit and Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I) As required by the Companies ( Auditor's Report) Order, 2003 issued by the Ministry of Finance ( Department of Company Affairs) in term of Section 227( 4A) of the Companies Act, 1956, we enclose in Annexure A to our report signed on even date, a statement on the matters specified in paragraph 4 and 5 of the said order.
- ii) Further to our comments in Annexure referred to above, and subject to:-
  - i) **No provision has been made for liability of the encashment of earned leave amounting to Rs.80,398 and gratuity of Rs.40,199 payable to employees on retirement / separation as required by the mandatory Accounting Standard AS 15 issued by the Institute of chartered Accountants of India. (Refer Notes to accounts No C (v))**
  - iii) **The Corporation has credited the interest earned on unutilized grant to the account of Government of Himachal Pradesh which is not in compliance to the accounting standard AS 12 on Accounting for Government Grants issued by the Institute of Chartered Accountants of India . (Refer Notes to Accounts No C (viii))**
- ii) **Non confirmation/ reconciliation of amounts receivable/ payable to various Govt. departments. (Refer Notes to Accounts No C (xvii))**

Further to our comments referred to above, we report as under:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b) In our opinion, proper books of accounts, as required by law, have been kept by the corporation so far it appears from the examination of the books.
- c) In our opinion, the Balance Sheet and Profit and Loss account comply with requirements of the accounting standards referred to Sub-section 3 (c) of Section 211 of the companies Act to the extent applicable, except **AS-15** regarding **Accounting for**



**retirement benefits ( Read with Note C -v) and AS-12 regarding Accounting for Government Grants (Read with Note C -viii)**

- d) The Balance Sheet and Profit and Loss Account are in agreement with the books of the accounts.
- e) Since the Corporation is a Government Company, clause(g) of sub section (i) of section 274 of the Companies Act, 1956 regarding obtaining written representations from directors of the Corporation, is not applicable to the Corporation in terms of Notification No. G.S.R.829(E) dated 21<sup>st</sup> October 2003.
- f) ***We further report that had the qualifications, where amount ascertainable in above paragraphs being considered, the reported expenditure has been understated by Rs 1,20,597 and the amount payable to Government of H P under Current Liabilities is over stated to the extent of above .***
- g) In our opinion and to the best of our information and according explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
- 1) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2008 and
  - 2) In the case of Profit and Loss Account of the no profit/loss for the year ended on that date:

Place: Shimla  
Date: 11/9/08



For Anil Karol & Company,  
Chartered Accountants,

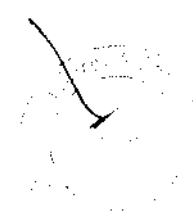
CA Wallia Umesh  
Partner  
M No 098287

**ANNEXURE TO THE AUDITOR'S REPORT**

**FOR THE YEAR ENDED ON 31ST MARCH, 2008**



**(Referred to in paragraph I of our report of even date)**

- i. a) The Corporation has maintained proper records showing all particulars including quantitative details and situation of fixed assets.
- b) The management has certified that the fixed assets have been physically verified and there was no discrepancy.
- c) No asset has been disposed off during the year.
- ii) (a) There is no inventory held by the Corporation which requires physical verification.
- (b) There being no inventory, the comments on reasonableness and adequacy of physical verification and maintenance of proper record are not required
- iii) a) The company has not granted or taken any loan, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence the conditions regarding a) rate of interest and other terms b) repayment of principal amount and interest c) overdue amount and steps taken for recovery, are not applicable.
- iv) There is an adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of assets. Since the company does not deal in purchase and sale of goods the requirement of adequate internal control procedure with regards to these do not apply.
- v) The company has no transaction which needs to be entered into a register in pursuance of Section 301 of the Act, hence the question of reasonableness does not arise.
- vi) The company has not accepted deposits from the public under Section 58A of the Companies Act, during the year.
- vii) The company does have internal audit system during the year under review.
- viii) As per information and explanations given to us, the Central Govt. has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies act.
- ix) The company is regular in depositing statutory dues like income tax, provident fund etc. with the appropriate authorities. There is no outstanding undisputed amount as on the last day of the financial year for a period of more than six months from the date they became payable in respect of income tax, provident fund etc.
- x) Since the company is a special purpose vehicle for the Govt. hence as per instructions of the State Govt., the expenditure in excess of the income is borne by the Govt. hence the question of accumulated losses and cash loss does not arise.



- x i) The company has taken unsecured loans against issue of bonds from Financial institutions, banks and other entities but there is no default in the repayment of such loans. However no loan has been taken through debentures.
- x ii) The company has not granted any loans on the bases of security by way of pledge of shares, debentures and other securities hence, no adequate documentation is required to be maintained.
- x iii) The company is not a nidhi/mutual benefit/ society hence the provision of any special Statute applicable to chit funds are not applicable regarding a) net owned fund to deposit liability ratio b) compliance with prudential norms on income recognition and provisioning against substandard, / default / loss assets c) adequate procedure for appraisal of credit proposals/requests, assessment of credit needs and repayment capacity of borrowers d) repayment capacity of borrower conducive for the recovery of loan amount.
- x iv) The company is not dealing or trading in shares, securities, debentures and other investments, hence no proper record is required in this regard.
- x v) The company has not given any guarantee for loans taken by others from banks or financial institutions, hence question of terms and conditions being prejudicial does not arise.
- x vi) The company has taken unsecured loans for onward lending the same to Govt. of H.P as the company is a "special purpose vehicle" and the unsecured loans have been taken by issuing Bonds on the Govt. Guarantee. The same have either been lent to the Govt. or have been used as per the Govt. directions.
- x vii) The company has not raised funds on short term basis, the question of using the same for long term investment does not arise.
- x vii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- x ix) The company has not issued any debentures. The company has issued bonds, which are backed by State Govt. Guarantee.
- x x) The company has not raised money by public issue.
- x xi) As per our examination of books and as per information and explanations given to us no fraud has been noticed or reported during the year.

Place: Shimla  
Date: 11/9/07

  
**For Anil Karol & Company,  
Chartered Accountants,**  
  
**CA Walia Umesh  
Partner**

**H.P. ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

**BALANCE SHEET AS AT 31.03.2008**

<u>PARTICULARS</u>	<u>SCHEDULE</u>	<u>CURRENT YEAR</u> (RS.)	<u>PREVIOUS YEAR</u> (RS.)
<b>1. SOURCES OF FUNDS</b>			
I. Share Holders Funds			
a) Capital	A	250,000,000	250,000,000
b) Reserve and Surplus	B	607,012,058	45,220,794
2. Loan Funds :			
a) Secured Loans		-	-
b) Unsecured Loans	C	1,410,653,300	4,505,768,900
<b>Total:</b>		<b>2,267,665,358</b>	<b>4,800,989,694</b>
<b>II. APPLICATION OF FUNDS</b>			
(1) Fixed Assets	D		
(a) Gross Block		3,356,299	3,192,891
(b) Less Depreciation		2,087,893	1,979,632
(c) Net Block		1,268,406	1,213,259
(d) Capital Work In Progress		113,884,531	36,354,794
		<b>115,152,937</b>	<b>37,568,053</b>
(2) Investments		-	-
(3) Current assets, Loans and Advances	E		
(a) Inventories		-	-
(b) Sundry Debtors		-	-
(c) Cash and Bank Balances		1,342,111,877	1,585,499,651
(d) Loans and Advances		1,346,135,991	3,674,492,268
Less :		<b>2,688,247,868</b>	<b>5,259,991,919</b>
Current Liabilities and Provisions :	F		
(a) Current Liabilities		530,797,013	491,873,865
(b) Provisions		5,405,452	5,405,453
		<b>2,152,045,403</b>	<b>4,762,712,601</b>
(4) (a) Miscellaneous Expenditure ( to the extent not written off or adjusted)		467,018	709,040
(b) Profit and Loss account		-	-
<b>Total:</b>		<b>2,267,665,358</b>	<b>4,800,989,694</b>

**Notes to Accounts**

Schedule from A to L form integral part of the Balance Sheet

**Abstract of Balance Sheet**

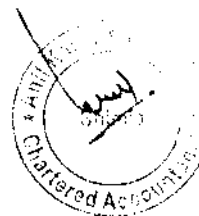
  
(ANIL KAPIL)

General Manager-cum-  
Financial Advisor

  
(B S RAJPAL)  
Director

  
(BALRAM SHARMA)  
Managing Director

As per our report of even date annexed  
for Anil Karol & Company  
Chartered Accountants



  
CA Walia Umesh  
Partner

PLACE : SHIMLA  
DATE : 11/9/08

**H.P. ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH ,2008**

<u>PARTICULARS</u>	<u>SCHEDULE</u>	<u>CURRENT YEAR</u> (RS.)	<u>PREVIOUS YEAR</u> (RS.)
<b>INCOME</b>			
Interest Received on Bank Deposits (Gross)		86,581,835	58,008,635
Other Income State Road Project	I	183,310,750	-
Reimbursable from Govt.of Himachal Pradesh		265,427,834	522,324,121
<b>TOTAL</b>		<b>535,320,419</b>	<b>580,332,756</b>
<b>EXPENDITURE</b>			
Interest on Bonds		338,571,213	565,123,457
Premium for Resetting of Loans		12,741,446	14,603,019
Administrative Expenses	G	346,727	242,970
Expenditure incurred State Road Project	J	183,310,750	-
Preliminary Expenses Written off		17,022	17,022
Misc. Expenditure written off		225,000	225,000
Depreciation		108,261	121,288
<b>TOTAL</b>		<b>535,320,419</b>	<b>580,332,756</b>
<b>Profit/(Loss) before prior period adjustments</b>		-	-
Extraordinary Items			
Prior period adjustments (Net)	H	3,245	2,341,301
		3,245	2,341,301
<b>Profit/(Loss) before Tax</b>		<b>-3,245</b>	<b>-2,341,301</b>
Fringe Benefit Tax		-10,403	-5,336
Reimbursable from Govt.of Himachal Pradesh		13,648	2,346,637
Provision for Taxation		-	-
<b>Net Profit/(Loss) after Tax</b>		-	-
Loss brought forward from Previous Years		-	-
<b>Balance Carried over to Balance Sheet</b>		-	-
Earning per share		-	-
Significant Accounting Policies, Contingent Liabilities & Notes to Accounts	K		
Schedule from A to L form integral part of the Profit & Loss Account			
<b>Abstract of Balance Sheet</b>	L		

  
(ANIL KAPIL)

General Manager-cum-  
Financial Advisor

  
(B S RAJPAL)  
Director

  
(BALRAM SHARMA)  
Managing Director

As per our report of even date annexed  
for Anil Karol & Company  
**Chartered Accountants**



  
CA Walia Umesh  
Partner

PLACE : SHIMLA  
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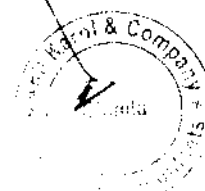
**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
 NEW HIMRUS BUILDING, SHIMLA-171001

Schedule - A

**SHARE CAPITAL:**

<b>Particulars</b>	<b>Current year 31.03.2008 Amount (Rs)</b>	<b>Previous year 31.03.2007 Amount (Rs)</b>
<b><u>AUTHORISED CAPITAL</u></b>		
<i>(5,000,000 Equity Shares of Rs. 100 each)</i>	<u>500,000,000</u>	<u>500,000,000</u>
<b><u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u></b>		
<i>(2,500,000 Equity Shares of Rs. 100 each fully paid up)</i>	250,000,000	250,000,000
<i>(Previous year 2,500,000 Equity Shares of Rs. 100 each fully paid up)</i>		
<b>TOTAL</b>	<b>250,000,000</b>	<b>250,000,000</b>

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**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

Schedule - B

**RESERVE & SURPLUS**

Particulars	Schedule - B	
	Current year 31.03.2008 Amount (Rs)	Previous year 31.03.2007 Amount (Rs)
<b><u>CAPITAL GRANT</u></b>		
Opening Balance	45,220,794	-
<u>Add:</u>		
Grant for the year from Government of Himachal Pradesh	463,645,206	45,220,794
<u>Less</u>		
Utilised during the year	-	-
Closing Balance (A)	508,866,000	45,220,794
<b><u>REVENUE GRANT</u></b>		
Opening Balance	-	-
<u>Add:</u>		
Grant for the year from Government of Himachal Pradesh	280,000,000	-
<u>Less</u>		
Utilised during the year	181,853,942	-
Closing Balance (B)	98,146,058	-
<b>TOTAL: (A+B)</b>	<b>607,012,058</b>	<b>45,220,794</b>

**UNSECURED LOANS**

Particulars	Schedule - C	
	Current year 31.03.2008 Amount (Rs)	Previous year 31.03.2007 Amount (Rs)
<b><u>(Guaranteed by Govt of Himachal Pradesh)</u></b>		
12.25% Bond issue-I	-	812,800,000
12.20% Bond issue-II	397,653,300	1,192,968,900
13.75% Bond issue-IV	513,000,000	513,000,000
8.5% Bond issue-IV (LIC)	500,000,000	500,000,000
11.45% Bond Issue-V	-	1,087,000,000
8.50% Bond Issue-V (LIC)	-	400,000,000
<b>TOTAL</b>	<b>1,410,653,300</b>	<b>4,505,768,900</b>

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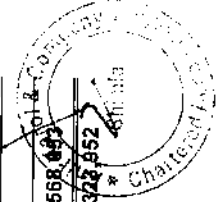
**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

Schedule-D

FIXED ASSETS SCHEDULE AS ON 31-03-2008

Sr No	Particulars	Gross Block		Depreciation		Net Block			
		Cost as on 01-04-2007	Addition/ Deletion	As on 31-3-2008	As on 31-03-2007	For the year	Total	As on 31-03-2008	As on 31-03-2007
<b>FIXED ASSETS(A)</b>									
1	Building	1,433,841		1,433,841	428,128	50,286	478,414	955,427	1,005,713
2	Computer	880,380	99,250	979,630	847,537	20,854	868,391	111,239	32,843
3	Furniture & Fixture	72,497		72,497	45,252	4,931	50,183	22,314	27,245
4	Electric Equipment	5,372		5,372	2,892	345	3,237	2,135	2,480
5	Vehicles	675,701		675,701	579,230	24,976	604,206	71,495	96,471
6	Office Equipment	125,100	8,216	133,316	76,593	6,869	83,462	48,854	48,507
7	Assets not put to use		55,942	55,942				55,942	
	<b>Total : (A)</b>	<b>3,192,881</b>	<b>163,408</b>	<b>3,356,299</b>	<b>1,979,632</b>	<b>108,261</b>	<b>2,087,893</b>	<b>1,268,406</b>	<b>1,213,259</b>
	Previous year	3,182,296	10,595	3,192,891	1,858,344	121,288	1,979,632	1,213,259	1,323,952
<b>CAPITAL WORK IN PROGRESS (B)</b>									
1	Upgradation of Roads(Services)	36,354,794	51,795,353	88,150,147	-	-	-	88,150,147	36,354,794
2	Land Acquisition	-	15,638,500	15,638,500	-	-	-	15,638,500	-
3	Afforestation	-	3,095,884	3,095,884	-	-	-	3,095,884	-
4	Core Network Improvement Advance	-	7,000,000	7,000,000	-	-	-	7,000,000	-
	<b>Total: (B)</b>	<b>36,354,794</b>	<b>77,529,737</b>	<b>113,884,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,884,531</b>	<b>36,354,794</b>
	Previous year	-	36,354,794	36,354,794	-	-	-	36,354,794	-
	<b>Total : (A+B)</b>	<b>39,547,685</b>	<b>77,693,145</b>	<b>117,240,830</b>	<b>1,979,632</b>	<b>108,261</b>	<b>2,087,893</b>	<b>115,152,937</b>	<b>37,568,053</b>
	Previous year	3,182,296	36,365,389	39,547,685	1,858,344	121,288	1,979,632	37,568,053	1,323,952

F



**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

**Schedule-E**

**CURRENT ASSETS, LOANS AND ADVANCES**

Particulars	Current year 31.03.2008 Amount (Rs)	Previous year 31.03.2007 Amount (Rs)
<b>(A) CURRENT ASSETS</b>		
<b>Cash and Bank Balances</b>		
Cash in Hand	11,976	3,292
<b>Bank Balances with Scheduled Banks</b>		
(i) In Current Accounts	74,288,315	260,080
(ii) In Fixed Deposits	857,225,017	1,245,418,245
<b>Bank Balances with Non Scheduled Banks</b>		
In current account with H.P. State Co-op Bank Ltd. <i>(Maximum Balance Rs.8,240.43)</i> <i>(Previous year Rs.8,240.43)</i>	8,240	8,240
<b>In Fixed Deposit</b>		
H.P.State Co-op. Bank <i>(Maximum Balance Rs.396,268,504)</i> <i>(Previous year Rs.333,193,744)</i>	396,268,504	333,193,744
Interest Accrued but not due on FDR's	14,309,825	6,616,050
<b>Total :(A)</b>	<b>1,342,111,877</b>	<b>1,585,499,651</b>
<b>(B) LOANS AND ADVANCES</b>		
<i>(Recoverable in cash or in kind or for value to be received)</i> <i>Unsecured considered good unless otherwise stated</i>		
Loan to Govt. of Himachal Pradesh	1,093,069,258	3,375,385,058
Advance to Govt. of Himachal Pradesh	250,000,000	250,000,000
Grant in aid recoverable from Govt. of Himachal Pradesh	-	36,354,794
Advances to Contractor (SRP)	2,256,800	-
HP Infrastructure Development Board	-	1,059
Prepaid Expenses	1,505	12,742,341
Amount Recoverable from HPPWD	797,912	-
Security Deposits/Earnest Money	3,200	1,700
Tax Deducted at Source	7,316	7,316
<b>Total:(B)</b>	<b>1,346,135,991</b>	<b>3,674,492,268</b>
<b>Gross Total : (A+B)</b>	<b>2,688,247,868</b>	<b>5,259,991,919</b>



**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

**Schedule - F**

**CURRENT LIABILITIES & PROVISIONS**

<b>Particulars</b>	<b>Current year 31.03.2008 Amount (Rs)</b>	<b>Previous year 31.03.2007 Amount (Rs)</b>
<b><u>CURRENT LIABILITIES</u></b>		
Interest Accrued but not due on Bonds	82,665,884	207,912,786
Expenses Payable	56,524	22,374
Salary Payable	959	959
Unclaimed Bonds	3,200,000	5,400,000
HP Tourism Department	30,000,000	30,000,000
TDS Payable	832,766	605,926
Bills Payable	20,247,271	63,769
Work Contract Tax Payable	548,180	-
Others Payable	5,033,184	200,000
Audit Fees Payable	22,472	12,346
Security Deducted from Contractors (SRP)	8,029,183	-
Amounts Withheld from Contractors (SRP)	4,988,779	-
HP Infrastructure Development Board	7,987	-
Interest Payable	473,692	309,091
<b><u>Amount Payable to Govt of Himachal Pradesh</u></b>		
Opening Balance Payable to Govt. of Himachal Pradesh	247,346,613	
Add: Received from Govt of Himachal Pradesh	<u>392,785,000</u>	
Total	640,131,613	
Less: Excess of Expenditure over Income transferred from Profit & Loss A/c.	<u>265,441,482</u>	374,690,132
<b>Total; (A)</b>	<b>530,797,013</b>	<b>491,873,865</b>
<b><u>PROVISIONS</u></b>		
For Expenses	5,404,750	5,404,750
For Fringe Benefit Tax	702	703
<b>Total (B)</b>	<b>5,405,452</b>	<b>5,405,453</b>
<b>Total A + B</b>	<b>536,202,465</b>	<b>497,279,318</b>





**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
 NEW HIMRUS BUILDING, SHIMLA-171001

**Schedule-G**

**ADMINISTRATIVE EXPENSES**

Particulars	Current year	Previous year
	31.03.2008 Amount (Rs)	31.03.2007 Amount (Rs)
Honorarium	74,000	66,000
Staff Welfare	4,909	3,000
Advertisement Expenses	90,112	-
Hospitality Expenses	7,620	3,110
Gifts & Presentation Expenses	6,048	4,899
Electricity & Water Expenses	9,912	6,378
Printing & Stationery Expenses	16,182	18,616
BOD Meeting Expenses	2,005	4,160
Postage Expenses	14,462	13,436
Traveling Expenses	-	6,220
Vehicle Running & Maintenance Expenses	-	12,000
Telephone Expenses	-	12,471
Filing Fees	4,000	8,474
Legal & Professional Charges	37,103	19,642
Office Maint. Expenses	12,062	1,359
Misc. Expenses	2,797	364
Bank Charges	-	14,880
Books, Newspaper & Periodicals	1,631	-
Rent, Rate & Taxes	8,687	8,687
Insurance Expenses	992	101
D-Mating Expenses	20,497	26,827
<b><u>Auditor's Remuneration:</u></b>		
Audit Fees	22,472	6,734
Tax Audit Fees	11,236	5,612
<b>TOTAL</b>	<b>346,727</b>	<b>242,970</b>

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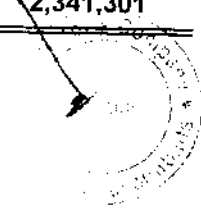
H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED  
NEW HIMRUS BUILDING, SHIMLA-171001

Schedule - H

EXPENSES PERTAINING TO PREVIOUS YEAR

Particulars	Current year	Previous year
	31.03.2008	31.03.2007
	Amount (Rs)	Amount (Rs)
Premium on Resetting of Loans	-	1,637,123
Annual Report Charges	-	3,133
Interest on Bonds	-	632,128
Advertisement Expenses	-	68,917
Printing & Stationery	3,245	-
<b>TOTAL</b>	<b>3,245</b>	<b>2,341,301</b>

*[Handwritten signature]*



**H.P ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**  
NEW HIMRUS BUILDING, SHIMLA-171001

Schedule - I

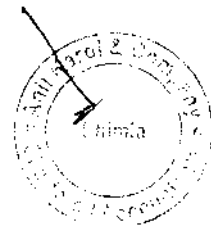
**OTHER INCOME STATE ROAD PROJECT**

Particulars	Current year	Previous year
	31.03.2008	31.03.2007
	Amount (Rs)	Amount (Rs)
Revenue Grant from Govt. of Himachal Pradesh (Utilised)	181,853,942	
Sale of Tender forms	1,340,000	-
Stone Recovery	113,175	-
Misc Income	3,633	-
<b>TOTAL</b>	<b>183,310,750</b>	<b>-</b>

Schedule -J

**EXPENSES INCURRED STATE ROAD PROJECT**

Particulars	Current year	Previous year
	31.03.2008	31.03.2007
	Amount (Rs)	Amount (Rs)
Periodic Maintenance Expenses	170,927,178	-
Consultancy Services	12,055,517	-
Training Expenses	80,000	-
Meeting Expenses	19,056	-
Advertisement Expenses	101,465	-
Legal Expenses	22,000	-
Traveling Expenses	29,658	-
Vehicle Running & Maintenance Expenses	44,310	-
Telephone Expenses	31,566	-
<b>TOTAL</b>	<b>183,310,750</b>	<b>-</b>



**H.P.ROAD AND OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.**

**ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE YEAR  
ENDING 31.03.2008**

**A. Accounting Policies**

**i) Basis of Preparation of Financial Statements**

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

**ii) Fixed Assets**

Fixed assets are stated at cost of acquisition less depreciation.

**iii) Capital Work in Progress**

a) Expenditure incurred and advances given for acquisition of fixed assets during the period of construction of projects and are carried forward under the respective project accounts as Capital Work in Progress and includes expenses incurred and incidental to implementation of projects. The Fixed assets are capitalized on the basis of substantial completion of the project.

b) The acquisition of the land/diversion of forest land stands vested in the name of H.P.P.W.D. as on date. As and when a decision is taken regarding transfer of assets in favour of the HPRIDC, the expenditure shall be capitalized under the appropriate heads of Fixed Assets.

**iv) Depreciation**

Depreciation on assets is provided on WDV basis and in the manner specified under schedule XIV of the Companies Act, 1956.

**v) Amortization**

a) The preliminary expenses towards registration of company are amortized over a period of 10 years from the year in which they are incurred.

b) The filing fee for increase in Authorized Share Capital is also amortized over a period of 10 years from the year in which the same has been paid.

**vi) Grant in aid.**

a) Grant in aid received/receivable from the Government towards Capital expenditure is treated as Capital Reserve.

b) Grant in aid towards Revenue expenditure is recognized over the period in which related costs are incurred.



vii) **Impairment of assets.**

The company is not having any cash generating assets so AS-28 is not applicable.

viii) **Prior period adjustments.**

The Corporation follows the practice of making adjustments through "Expenses / income relating to earlier year" in respect of prior period items.

ix) **Retirement Benefits.**

Liability in respect of earned leave and Gratuity are considered at the time of actual encashment of leave and payment of gratuity on resignation/ superannuation.

x) **Expenditure on State Roads Project.**

The expenditure in respect of deviations is accounted for in the year of approval by the competent authority.

**B. Contingent Liability**

Claims of the Contractors against the Corporation not acknowledge as debts. Rs. 72.09 Lac  
(On account of deviations and un-awarded work not approved by competent authority)

**C. Notes to Accounts:**

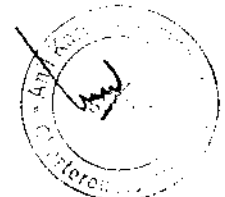
- i) As per letter No. Fin/IF (C )1-4/2000 dated 19<sup>th</sup> July, 2000 from Government of Himachal Pradesh, the expenditure in excess of income will be borne by the State Government, consequently the deficit of Rs.26,54,41,482/- for the current year has been transferred to GoHP Account. Further, in view of this the Accounting Standard -22 is not applicable.
- ii) A loan of Rs. 109,30,69,258/- to Government of Himachal Pradesh is covered under Article-293 (3) of the Constitution of India vide Government of India letter No. 11(35)-B (S)/99 dated 05.11.2001.
- iii) Advance to Government of H.P. amounting to Rs. 25.00 crore under the head Current Assets, Loans & Advances represents amount paid to HPIDB on behalf of the Government of Himachal Pradesh.
- iv) Bills pending for adjustment amounting to Rs. 54,04,750.00/- under the head Current Liabilities & Provisions, represents claim for Consultancy/Advisory Service charges of Power Finance Corporation for handling of the Bond Issue which is pending for final settlement/approval.
- v) No provision has been made for gratuity of Rs 40,199/- and leave encashment of Rs 80,398/- of the employees up to 27.01.2002. For further period no provision is required as the service of all the employees has been transferred to HPIDB w.e.f. 28.01.2002.
- vi) The Corporation has entered into agreements with various consultants for consultancy services for feasibility of 1675 km and detailed engineering/safeguard assessment of 413 km of roads under State Road Project, Phase I. As per the terms of the agreements, a sum of Rs. 8,81,50,147/- paid to the Consultants has been shown as Capital work in progress.



- vii) The Corporation has received a sum of Rs. 46,36,45,206/- and Rs. 28,00,00,000/- from the Government of Himachal Pradesh during the year for Upgradation/maintenance of State Roads and the same has been exhibited as Capital Grant and Revenue Grant respectively.
- viii) In view of the instructions received from the Government of Himachal Pradesh, the interest earned on unutilized grant has been adjusted against amount reimbursable from the Government of Himachal Pradesh account.
- ix) The Government of Himachal Pradesh has sanctioned grant in aid for Rs. 28,00,00,000/- in favour of the Corporation against the periodic maintenance of State Roads during the current year. All the contracts of the periodic maintenance under Tranche – I has been awarded by the HPPWD, and all related documents including Bank Guarantees, agreement and insurance cover are vested in the name of various divisions of HPPWD. The Corporation will not be liable for any claim arising during the contract/defect liability period. However, the Corporation has released a sum of Rs. 17,09,27,178/- to the Contractors on the basis of the value of the work verified by the concerned Executive Engineers of HPPWD Divisions and has accounted for the same in the Income & Expenditure account during the year under report.
- xii) In term of Accounting Standard 12 issued by the Institute of Chartered Accountants of India, proportioned portion of Revenue Grant recognized in the Profit and Loss Account and adjusted against the Revenue Grant in aid during the year is Rs . 18,18,53,942/- (*Previous year Nil*).
- xiii) The disclosure of information as per Section 22 of the Micro, Small & Medium Enterprises Act, 2006 on the basis of records available with the Corporation is as follows:-

	<b>As at 31.03.2008</b>
	Rs.
<b>Balance of Sundry Creditors as on March 31, 2008</b>	
- Principal amount due to Micro, Small and Medium Enterprises	-Nil-
- Principal amount due to Others	--Nil-
<b>Interest accrued and due as on March 31, 2008</b>	
- Interest on payments due to Micro, Small and Medium Enterprises	-Nil-
- Interest on payments due to Others	-Nil-
- Interest due and payable on amounts paid during the year to Micro, Small and Medium Enterprises beyond the appointed date	-Nil-
<b>Paid during the year</b>	
-Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	
- Principal amount	-Nil-
- Interest thereon	-Nil-
-Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-Nil-
<b>Others</b>	
- Interest accrued in the prior year and paid during the year	-Nil-
- Interest accrued during the year and paid during the year	-Nil-

*Hi*



- xiv) Since the process of winding up has been rescinded as mentioned under point – (V) above, and accordingly the corporation has been revived, therefore the administrative expenses incurred during the year are not comparable with the previous year expenses. However, the expenses on maintenance of assets are being borne by HPIDB during the year.
- xv) The interest premium on the resetting of bonds paid to Life Insurance Corporation of India Ltd. has been accounted for on accrual basis i.e. in the year of saving.
- xvi) As per the decision of the Government of Himachal Pradesh, the interest on unutilized grant in aid has been exhibited as Amount Payable to Government of Himachal Pradesh.
- xv) Expenditure incurred in foreign currency:  
Capital work in Progress- Rs. 1,52,78,276/- (Previous Year Rs. 1,00,75,417/-).
- xvi) No provision for income tax is the contention of the management.
- xv) The Corporation has withheld a sum of Rs. 49,88,779/- from various running bills of the Contractors as per detail given below which is pending for final settlement/decision :-

For non achievement of milestones and pending for decision	Insurance Covers	Others	Total
Rs. 35,67,128.00	Rs. 5,45,400.00	Rs. 8,76,251.00	Rs. 49,88,779.00

- xvi) Others payable includes a sum of Rs.49,18,129.00 on account of amount payable to HPPWD, against payment related to HPRIDC released by HPPWD Arki from State Funds.
- xvii) In the opinion of the Board, the value of Current Assets, Loans and Advances, if realized in ordinary course of business shall not be less than the amount at which the same are stated in the balance sheet.
- xviii) The balances representing amounts receivable/payable from/to various Government Departments are subject to confirmation/reconciliation.
- xviii) The detail of amounts due from Directors/Officers of the Corporation:

Due from	Amount of advances as on 31.03.2008	Maximum amount of advance due at any time during the year
Directors/Officers	-Nil-	-Nil-
Previous Year	-Nil-	-Nil-

- xix) Amount paid to Directors including Managing Director of the Corporation is Nil (Previous year- Nil)
- xx) The break-up of expenditure of employees who are in receipt of remuneration in aggregate not less than Rs 24,00,000/- per annum or if employed for the part of the year that at a rate not less than Rs. 2,00,000/- per month is Nil (Previous year- Nil).
- xxi) Additional information pursuant to Para 3 & 4 of part-II of Schedule-VI of the Companies Act, 1956 is nil.





xxii) Previous year figures have been re-grouped/re-arranged wherever required.



xxiii) These schedules A to L form an integral part of the balance sheet and profit and loss account and are duly authenticated.

  
(Anil Kapil)  
General Manager-cum-  
Financial Adviser

  
(B S Rajpal)  
Director

  
(Balram Sharma) IAS.,  
Managing Director

For Anil Karol & Company  
Chartered Accountants

CA Walia Umesh  
(Partner)

Place: SHIMLA  
Date : 11/9/08

# H.P.ROAD & OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.

SCHEDULE - L

## BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

### SCHEDULE VI PART IV

#### COMPANIES ACT 1956

#### I. Registration Details

Registration No.	22670	State Code	06
Balance Sheet Date	31.03.2008		

#### II Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

#### III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	28,03,868	Total Assets	28,03,868
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##### Sources of Funds

Paid up capital	250,000	Reserve & Surplus	6,07,012
Secured Loan	Nil	Unsecured Loan	14,10,653

##### Application of Funds

Net Fixed Assets	1,15,153	Investment	Nil
Net Current Assets	21,52,045	Misc. Expenditure	467
Accumulated Losses	Nil		

#### IV Performance of Company (Amount in Rs Thousand)

Turnover	5,35,334	Total Expenditure	5,35,334
Profit /Loss before Tax	Nil	Profit/Loss after Tax	Nil
Earning per share in Rs	Nil	Dividend	Nil

#### V Generic names of Three Principal Products/Services of Company (as per monetary terms)

Item code (ITS Code)	Nil
Product Description	To mobilize funds on behalf of State Government as Special Purpose Vehicle

Item code (ITS Code)	Nil
Product Description	To mobilize funds on behalf of State Government as Special Purpose Vehicle

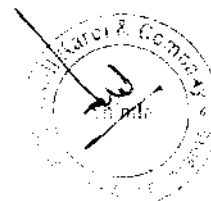
Item code (ITS Code)	Nil
Product Description	To mobilize funds on behalf of State Government as Special Purpose Vehicle

  
(Anil Kapil)  
General Manager-cum  
Financial Adviser

  
( B S Rajpal)  
Director

  
(Balram Sharma) IAS.,  
Managing Director

PLACE: SHIMLA  
DATE: 11/9/08





भारतीय लेखा तथा लेखापरीक्षा विभाग  
कार्यालय प्रधान महालेखाकार (लेखा परीक्षा), हिमाचल प्रदेश, शिमला-171003

क्रमांक:-वा0ले0प0(वा)/वा0-4/लेखे-आर आई डी सी 07-11059-6।  
08/2008-09/  
दिनांक:- 29-09-2008

सेवा में,

प्रबन्ध निदेशक,  
हि प्र रोड एण्ड अदर इन्फ्रास्ट्रक्चर डिवेलपमेंट कार्पोरेशन लिमिटेड,  
न्यू हिमरस विल्डिंग, सरकुलर रोड,  
शिमला 171001

विषय:- कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन टिप्पणियां ।

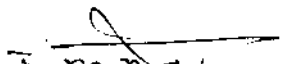
महोदय,

में, 31 मार्च, 2008 को समाप्त वर्ष के लिए हि प्र रोड एण्ड अदर  
इन्फ्रास्ट्रक्चर डिवेलपमेंट कार्पोरेशन लिमिटेड के लेखों के सम्बन्ध में कम्पनी  
अधिनियम, 1956 की धारा 619(4) के अधीन टिप्पणियां भेज रही हूं।

कृपया पावती भेजें।

संलग्न: उपरोक्त

भवदीया,

  
प्रधान महालेखाकार

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HIMACHAL PRADESH ROAD & OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LTD. FOR THE YEAR ENDED 31 MARCH 2008.**

The preparation of financial statements of Himachal Pradesh Road & other Infrastructure Development Corporation Ltd. for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11-09-2008.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Himachal Pradesh Road & Other Infrastructure Development Corporation Limited for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

**Place:** Shimla  
**Dated:**

  
**SUMAN SAXENA**  
**PR. ACCOUNTANT GENERAL**