

**BIHAR STATE EDUCATIONAL INFRASTRUCTURE
DEVELOPMENT CORPORATION LTD.**



**DIRECTORS' REPORT
2012-13**

Board's Report

To,

The members of **BIHAR STATE EDUCATIONAL INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**, Shiksha Bhawan, Bihar rastrabhasha parishad, campus, Acharya Shiv- Pujan Sahay Path, Saidpur, Patna-800004, , it is our privilege to present to you the **3rd Board Report** on the business and operations of the Corporation for the financial year ended **31st march, 2013** on behalf of the Board of Directors.

1.) STATE OF AFFAIRS

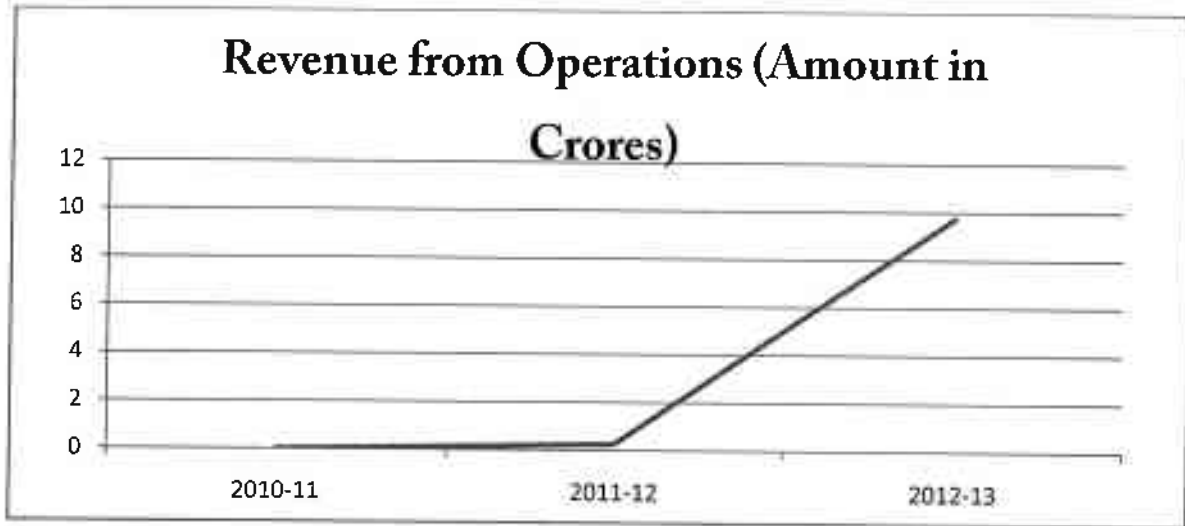
The Annual Accounts of the Company has been statutorily audited and the figures stated in audited accounts depict the true and detailed state of affairs of the company for the financial year ended 31st march 2013.

2.) FINANCIAL RESULTS OF THE COMPANY AS PER STATUTORILY AUDITED ACCOUNTS:

The company during the period from 1st April 2012 to 31st March 2013, generated a total income of Rs. 12,14,12,738.00 (Rupees Twelve Crore two fourteen lakhs Twelve thousand seven hundred thirty eight only) and the total expenditure during the said period was Rs. 6,89,73,601.00/-(Rupees Six Crore eighty nine lakhs seventy three thousand six hundred and one only) including depreciation amounting to Rs. 4,17,873.04 /-(Rupees Four lakh seventeen thousand eight hundred seventy three only) and thereby leaving a profit before tax and extraordinary item of Rs 5,24,39,137.00/-(Rupees Five Crore twenty four lakhs thirty nine thousand one hundred thirty seven only), Whereas the total income for the previous year was . 27,02,67,016./- (Rupees Twenty seven Crore two lakhs sixty seven thousand sixteen only)and the total expenditure during the previous year was Rs. 2,87,92,280.00/-(Rupees Two Crore eighty seven lakhs ninety two thousand, two hundred and eighty only) including depreciation amounting to 1,67,821.00/-(Rupees one lakh sixty seven thousand eight hundred twenty one only) and thereby leaving a profit before tax and extraordinary item of .24,14,74,736.00/-(Rupees Twenty four crore, fourteen lakh, seventy four thousand seven hundred thirty six only).

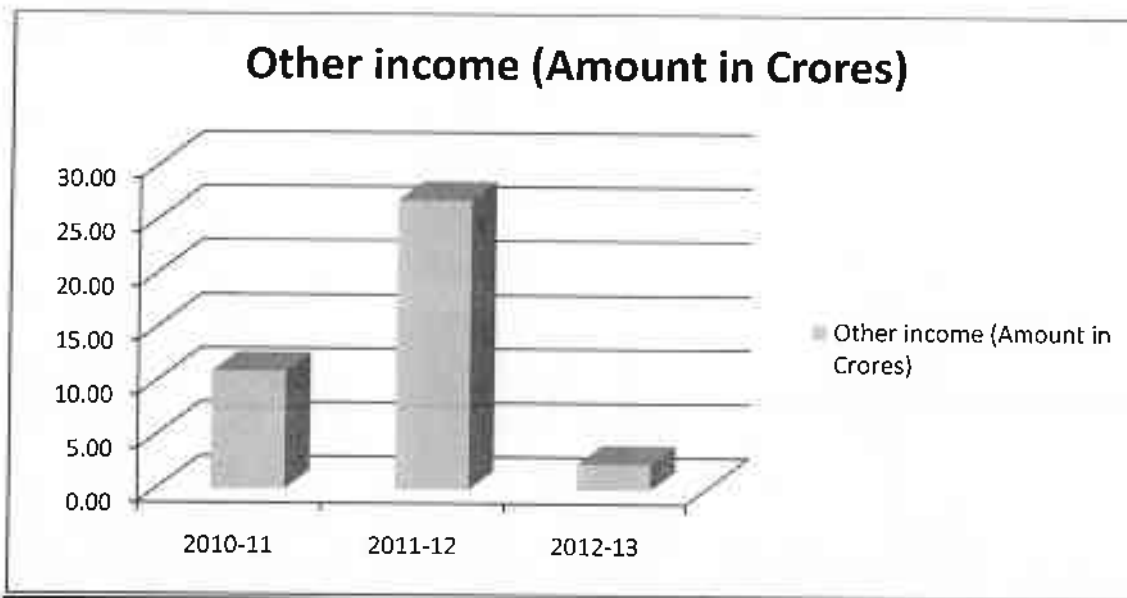
P. S. Singh

REVENUE FROM OPERATIONS



Revenue from Operations of the Company showed a drastic increase during the period under reporting. Company was incorporated in the month of July 2010, during the financial year 2010-11 operations of the company could not be started hence the Revenue from Operation was reported at Nil . In the Financial year 2011-12 company started the process of hiring manpower, floating tenders, etc, however the actual operation on the company started in the year 2012-13 and the company recorded revenue from operation of Rupees Twenty five lakh sixty five thousand and seven hundred eighty one only (Rs.25,65,781.00/-) in the year 2011-12 whereas in the year 2012-13 it was reported at Rupees Nine Crore seventy two lakh thirty four thousand nine hundred fifty one only(Rs.9,72,34,951.00/-)

OTHER INCOME

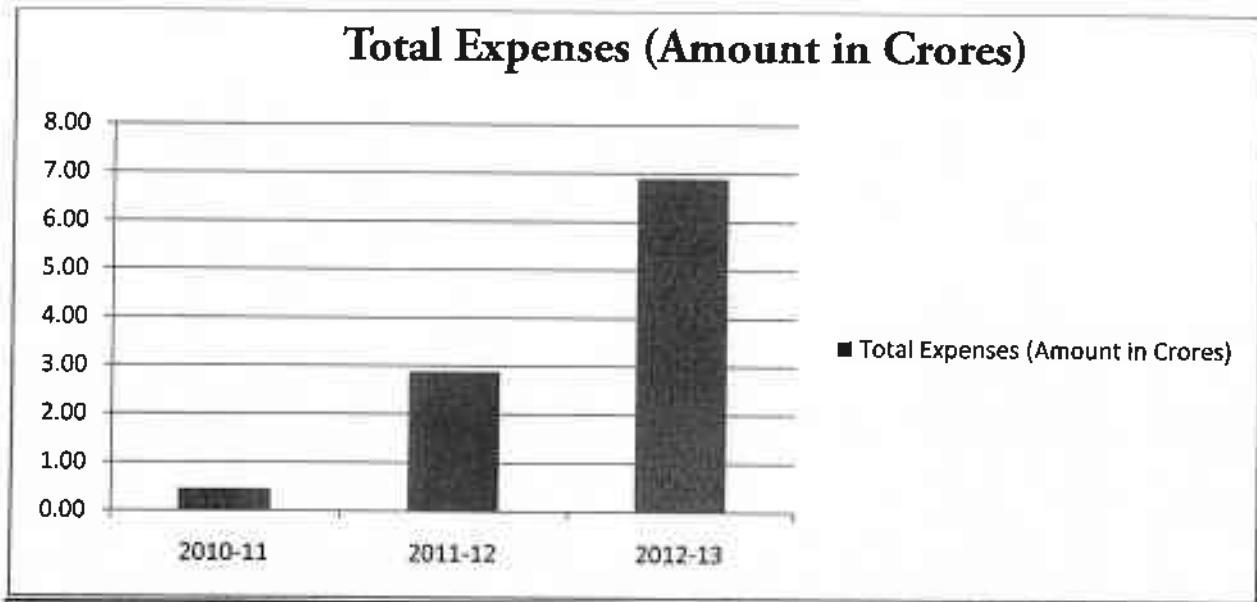


In the year of Incorporation i.e 2010-11 the Company reported an Income of Rupees Ten Crore eighty seven lakh twenty nine thousand one hundred twenty five and thirty

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paise only(Rs.10,87,29,125.30/-) from Other Sources, and in the year 2011-12 the same was Twenty Six Crore seventy seven lakh one thousand two hundred thirty four and ninety five paise only(Rs.26,77,01,234.95/-) which is basically attributable to the Interest Income earned by the Company by depositing the funds with the Banks. However during the Financial Year 2012-13 the Company received a Letter from Planning and Development Department, Government of Bihar, providing guideline for treatment of interest accrued on the fund for projects, i.e it should be treated as a part of the project amount, accordingly the interest earned on the projects were credited to the Project themselves instead of taking in to profit of the Company, this resulted in the Sharpe decline in the other Income which was recorded at Rupees Two Crore forty one lakh seventy seven thousand eighty seven only(Rs.2,41,77,787.00/-) which is attributable mainly to the Cost of BOQ and interest on the Share capital and free reserve money deposited with the Banks.

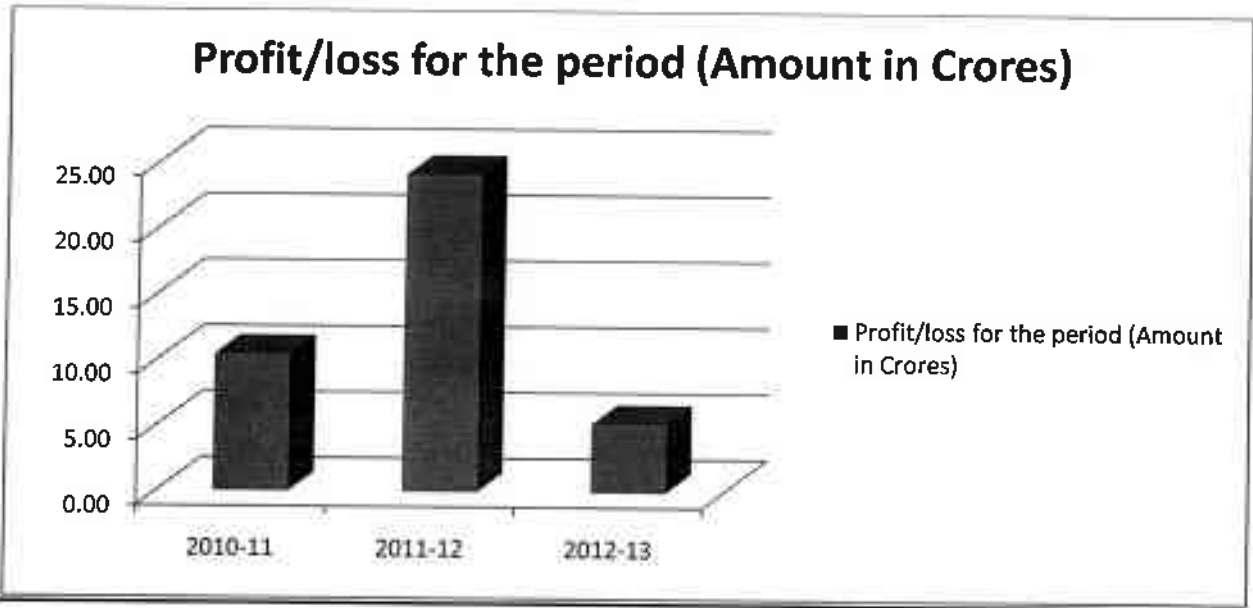
TOTAL EXPENSES



With the increase in the scale of the operation of the company a corresponding gradual increase in the amount of Total Expenses was reported which amounted to Rupees Forty Five lakh fifteen thousand seven hundred eighty three and fifty paise only(Rs. 4515783.50/-) in the year 2010-11, Rupees Two Crore eighty seven lakh ninety two thousand two hundred seventy nine and fifty two paise only(Rs.28792279.52/-) in the year 2011-12 and Rupees Six crore eighty nine lakh seventy three thousand six hundred one and four paise only(Rs.68973601.04/-) in the year 2012-13.

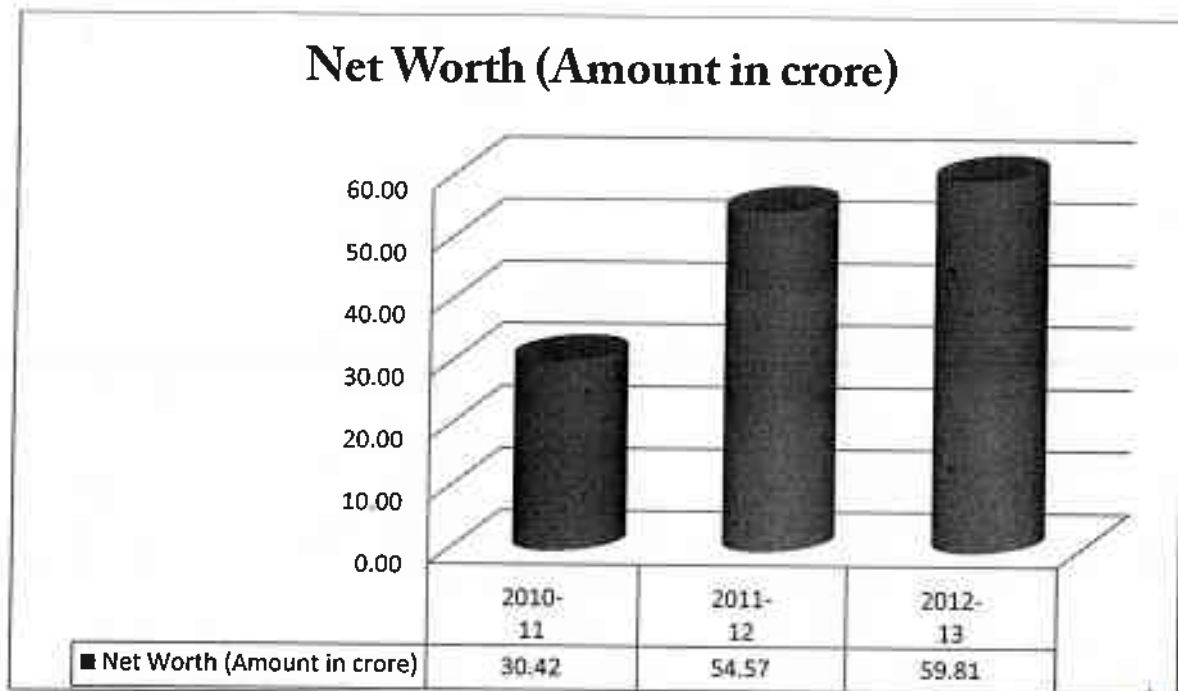
P. N. Mishra

PROFIT AND LOSS



Profit and Loss for the year 2010-11 was Rupees Ten Crore forty two lakh thirteen thousand three hundred and forty one and eighty paise only(Rs.10,42,13,341.80/-), for the year 2011-12 it was Rupees Twenty Four Crore fourteen lakh seventy four thousand seven hundred thirty six and forty three paise only (Rs.24,14,74,736.43/-) , however, in the year 2012-13 due to change in the Accounting Policy regarding recognition of the Interest on the project fund as per the guidelines of the Planning and Development Department, GoB, company recorded a steep decline in the amount of profit and amounted to Rupees Five Crore twenty four lakh thirty nine thousand one hundred thirty six and ninety six paise only(Rs.5,24,39,136.96/-)

NET WORTH



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(Company Started its business in the year 2010-11 with a capital of Rupees Twenty Crore only (Rs.20,00,00,000.00/-) and during the year earned a profit of Rupees Ten Crore forty two lakh thirteen thousand three hundred and forty one and eighty paise only)(Rs.10,42,13,341.80/-), thereby attaining the net worth of Rupees Thirty Crore forty two lakh thirteen thousand three hundred and forty one and eighty paise only(Rs.30,42,13,341.80/-), in the year 2011-12 profit was reported at Rupees Twenty Four Crore fourteen lakh seventy four thousand seven hundred thirty six and forty three paise(Rs.24,14,74,736.43/-) only and the entire profit was ploughed back in the business, thereby attaining the net worth of Rupees Fifty four Crore fifty six lakh eighty eight thousand and seventy eight (Rs.54,56,88078.00/-)only.

In the year 2012-13 also management did not recommended any divided and entire profit for the year i.e. Rupees Five Crore twenty four lakh thirty nine thousand one hundred thirty six and ninety six paise only(Rs.5,24,39,136.96/-) was ploughed back into the business of the company thereby, bringing the net worth of the company at Rupees Fifty Nine Crore Eighty One Lakh Twenty Seven Thousand, Two Hundred and Fifteen Only (Rs.59,81,27,215.00/-)

3.) **DECLARATION OF DIVIDEND**

The Board of Directors of the company does not propose any dividend in the current year 2012-13.

4.) **SECURED LOAN**

The company has not borrowed any secured loan from any Bank, Financial Institutions or other parties.

5.) **ALLOTMENT OF SHARES AND RECEIPT OF DEPOSITS**

The company during the year under reporting has not allotted any shares, debentures and / or other securities of the company and further, the company during the said year has not accepted any deposit from public.

6.) **REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS**

The provision of sections 217 (1) (e) of the Companies Act, 1956 in respect of the report on the conservation of energy, Technology absorption is not applicable to the company. The Company has not revived / utilised any foreign currency during the year under reporting.

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7.) BOARD OF DIRECTORS

As the company was incorporated on 16th July, 2010, the board was constituted with the eight directors as follows:

Sl. NO	Member of the Board	Status in Board
(a)	Development Commissioner, Govt. Of Bihar	Chairman
(b)	Principal Secretary, Human Resource Development, Govt of Bihar	Director
(c)	Secretary, Human Resource Development Department, Govt of Bihar	Director
(d)	Project Director, Bihar Education Project	Director
(e)	Principal Secretary / Secretary, Public Health Engineering Department, Govt. Of Bihar	Director
(f)	Principal Secretary /Secretary, Building Construction Department, Govt of Bihar	Director
(g)	Principal Secretary, /Secretary, Health & family Welfare Depart.	Director
(h)	Principal Secretary / Secretary, Finance	Director

The number of Director of the company shall not be less than five and it shall not be more than eleven. The directors shall be appointed by the Governor by name from and amongst the following and the individuals holding the following posts, from time-to-time shall be deemed to be directors of the company, unless directed otherwise by the Governor of Bihar.

Following were the Directors during the period under reporting, (2012-13)

Name of Director	Designation	Appointment	Cessation
SHRI ASHOK KUMAR SINHA	Director	15-11-2011	01-09-2012
SHRI PHOOL SINGH	Director	01-09-2012	31-05-2013
SHRI RAMESHWAR SINGH	Director	04-08-2011	-
SHRI ANJANI KUMAR SINGH	Director	16-07-2010	08-06-2012
SHRI AMARJEET SINHA	Director	04-08-2011	09-06-2014
SHRI S. SHIV KUMAR	Director	04-08-2011	23-11-2012
SHRI SUDHIR KUMAR	Director	04-08-2011	28-08-2012
SHRI VYAS JEE	Director	08-06-2012	30-08-2013
SHRI RAVINDRA PANWAR	Director	16-07-2010	06-08-2013
SHRI CHANCHAL KUMAR	Director	28-08-2012	-
SHRI RAJESH BHUSHAN	Director	16-07-2010	08-06-2012
SHRI RAHUL SINGH	Director	08-06-2012	10-11-2014
SHRI SANJIWAN SINHA	Managing Director	20-04-2011	-

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8.) PARTICULARS OF EMPLOYEES

There are no employees of the company receiving or entitled or receive a remuneration exceeding the limits mentioned in section 217 (2A) of the companies Act, 1956 read with companies (Particular of Employees) Rules 1975.

9.) DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under the new section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st march 2013, all applicable accounting standards had been followed along with proper explanations relating to material departures:
- (ii) That the Director's had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review:
- (iii) That the Director's had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (iv) That the Director's had prepared the accounts for the financial year ended 31st March 2013 on a going concern basis.

10.) DIRECTORS' INTEREST IN OTHER FIRMS/ COMPANIES

The company being the wholly owned State Government Company, the directors of the company are nominated by the governor of Bihar and as such the hold the post as Nominee Directors and therefore this clause is not applicable.

11.) AUDITORS'

M/s. Agrawal Anil & Associates, Chartered Accountants who are the Statutory Auditors of the Company, duly appointed by the office of the Comptroller and Auditor General of India.

12.) AUDITORS'S REPORT

The Report of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India, on the Accounts of the Company, for the Financial year ended on 31st March 2013, has received and the management's reply on the comments of Auditor has been prepared and annexed herewith to form part of this Report. However, after submission of management's reply several reservations were withdrawn

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and the final comments of the Comptroller and Auditor General of India and management's explanations thereto are as follows :

SL. No	CAG 's comment	Management's Explanation/ Reply
A	<p><u>Balance sheet</u> <u>Equity and Liabilities</u> <u>Shareholders Fund.</u></p> <p><u>Reserves and surplus (Note-2.2) – Rs 39.81 crore</u></p> <p>Reference is invited to the comment issued by Comptroller and Auditor General of India on the Accounts of the Company for the year 2010-11 and 2011-12 regarding wrong accountal of interest income amounting to Rs 37.23 crore(10.84crore +Rs 26.39 crore) earned on temporary deposits of fund provided by the state Government for execution of specific projects as income instead of crediting the same into the project funds. No corrective action had been taken by the Company in the accounts for the year 2012-13. As a result Reserve and surplus is overstated by Rs 37.23 crore current liabilities is understated by the same amount.</p>	<p>In the absence of any specific direction regarding accountal of interest on the project fund, Company treated interest on the project fund as it's income as per AS-9 issued by ICAL.</p> <p>After receiving direction from planning and development department GoB, Company has credited the interest on the project fund in the fund itself w. e. f Financial year 2012-13.</p> <p>However Audit committee at the 4th meeting vide agenda 8 recommended to comply with the CAG comment regarding "Wrong Accountal of Interest income " after taking in to account the tax element.</p> <p>Further, the Amount of Rs 37.23 crore as mentioned by the CAG is inclusive of Interest on the Share Capital of the Company and tax which has been deposited with Income tax Department as tax/TDS, therefore the board proposes to credit the amount of interest earned on project fund to the respective project funds after adjusting the Income tax paid/deposited thereon in the Accounts of the F.Y 2014-15 as the accounts of the previous years are closed .</p>

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<p>B.</p>	<p><u>Current Liabilities</u> <u>Other Current Liabilities (note 2.4)</u> <u>Infrastructure Development Fund Rs</u> 1226.85 crore Above does not include an amount of Rs 120.97 crore incurred on projects under construction as on 31 March 2013 which has been adjusted against liabilities. The Company receives funds from Government Department/ Agencies for Development of Educational Infrastructure. After Completion the assets have to be handed over to the concerned Department/ Agency. The liabilities (funds received) can be reduced only after handing over of asset to the concerned Agency. Till then, the amount of the work done should be shown as work –in Progress under Current Assets. This has resulted in understatement of Current Assets and Current Liabilities to the extent of Rs. 120.97 crore.</p>	<p>Acting upon the reservations of the CAG regarding Disclosure of Work in Progress the Company has changed it's Accounting policy in the Financial year 2013-14 to reduce the liability (fund received) after handover of the assets and till then the amount of work done is to be shown as work in progress.</p>
<p>C.</p>	<p><u>General</u></p> <p>1 As per Accounting Standard -1 Any change in the accounting policies which has a material effect in the current period or which is reasonably expected to have a material effect in later periods should be disclosed. The Company, during 2012-13 considered interest income on unutilised project funds of Rs. 20.27 crore to the relevant project fund which was treated as its own income till 2011-12. However, the Company had not made any disclosure in its account regarding the change in Accounting policy.</p> <p>2 The statutory Auditors have signed their report on Annual Accounts for the year 2012-13 before adoption of Annual Accounts for the year 2011-12 in Annual General meeting and failed to mention this fact in their report.</p>	<p>Company Changed it's accounting policy relating to treatment of interest on project fund, consequent to reservation made by CAG and guidelines issued by Planning and Development Department GoB.</p> <p>However, inadvertently disclosure of the same was omitted in the accounts for the F.Y 2012-13.</p> <p>Disclosure was required to be made by the Statutory Auditor.</p>

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13.) INTERNAL CONTROL SYSTEM

The company's Internal control system comprises audit and compliance by internal Auditors. The Internal auditors M/s Chanakya Ashok & Company, Chartered Accountants ,Patna independently evaluate the adequacy of Internal controls and verification of the majority of the transactions in value terms.

14.) AUDIT COMMITTEE :

As per the section 292A of the Companies Act, 1956 the Board of the Directors have duly constituted a Audit Committee vide the Agenda No.4of the 6th Meeting of the Board of Directors held on 9th February 2012. Composition of the Audit Committee of the Board of Directors is as follows:

Sl No.	Designation	Chairman/Member
1	Principal Secretary, Finance Department, GoB	Member
2	Principal Secretary, HumanResourceDepartment/Education Depart, GoB	Member
3	Secretary, HumanResourceDepartment/Education Depart, GoB	Member
4	Managing Director, BSEIDC Ltd,Patna	Member

15.) ACKNOWLEDGEMENTS

The Board of Director's hereby records its deep appreciation of the valuable services and dedicated efforts of the members of the Bihar State Educational Infrastructure Development Corporation Limited during the year 2012-13. The Board also wishes to thank the Government of Bihar, regulatory and statutory authorities for their valuable guidance and support. The Board is also grateful to the Corporation's Bankers, Investors, Customers, Consultants, Technology licensors, Contractors and Vendors for their continued support and confidence reposed in the Corporation.

For and on behalf of the Board,

N. Anand

Company Secretary

Jayaram

Managing Director

Rajan

Director

Dated:13/01/2015
Place: Patna