FINANCIAL MANAGEMENT ASSESSMENT

Executive Summary

1. Project specific governance risks have been identified through financial management and procurement assessments of the Assam Power Distribution Company (APDC) and the Assam Power Generation Corporation (APGC) in accordance with the Asian Development Bank's (ADB) Guidelines for the Financial Management and Analysis of Projects.[1] The financial due diligence was carried out in accordance with ADB's *Financial Due Diligence: A Methodology Note*[2] and focusing on fund flows, staffing, accounting policies and procedures, internal controls, financial reporting and monitoring and internal and external audit. The assessment draws lessons learned from the implementation of loans 2592, 2677 and 2800, the findings and recommendations arising from TA 7378[3] for Assam power sector public utility capacity building as well as face-to-face interviews with APDC and APGC staff. For the country level assessment, the financial management assessment (FMA) also refers to India country partnership strategy (Draft 2013-2017) and India Public Financial Management Performance Assessment Report 2010. These assessments identified a number of weaknesses including: (i) weak internal controls over fixed assets, cash management and payroll; (ii) weak internal audit; (iii) out-of-date accounting manuals and handbooks; and (iv) and a partially manual accounting and financial management system.

2. Significant weaknesses in financial management, despite being highlighted by the external auditors of APDC and APGC repeatedly as well as the assessments referred to above, remain. Based on lessons learned, ADB will try and address some of the most critical areas through the design of the Multitranche Finance Facility (MFF), and especially through the capacity building component of the MFF.

3. The FMA noted that finance and accounting staff within APDC and APGC have clearly defined responsibilities, and there is satisfactory separation of function and delegation of authority within each entity. Summary organization charts for each company are appended to this FMA (in the case of APDC both the existing and the proposed revised structures are shown). Only APDC has institutional experience in managing ADB funded projects[4] (APGC does not have previous experience in implementing ADB funded project). Both entities have staff seconded to the project management unit (PMU) established for implementation of the on-going MFF. Financial reports are prepared according to the Indian Accounting Standards. According to relevant Indian audit law, APDC and APGC are currently subject to annual auditing conducted by chartered accountants appointed by India's Comptroller and Auditor General (CAG).

4. The accounting, financial management and internal audit function in both of the entities, especially in APGC, is weak. ADB supported diagnostic study on capacity development for APDC and APGC under technical assistance (TA) 7378. A comprehensive action plan with different timelines for each activity was proposed. However, these recommendations, which included but were not limited to, appointment of cost auditor and installation of cost accounting

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[1] ADB. 2005. *Financial Management and Analysis of Projects*. Manila. Available: http://www.adb.org/Documents/Guidelines/Financial/default.asp

[2] ADB. 2009. *Financial Due Diligence: A Methodology Note*. Manila

[3] A comprehensive assessment of the financial management capability was conducted under the IND CDTA: Capacity Development of the Assam Power Sector Utilities in 2009. A number of action plans were agreed with the management, which remain largely unaddressed.

[4] MFF Assam Power Sector Enhancement Investment Program, approved on 18 November 2009.

system, formation of accounting application committee, strengthening internal control system, development of standard format for the Statement of Non Adherence/Part Adherence of accounting policies, development of risk management framework and adoption of computerized inventory management system, etc., have not been fully implemented. A number of these weaknesses in the internal control environment have been consistently pointed out by the statutory auditor. APDC and APGC will be requested to follow these recommendations, which will also be part of covenants under the ADB loan agreement. A summary of these recommendations is given in para. 10 below. Both companies have also been requested to provide brief time-bound actions plans to address major financial management shortcoming highlighted by statutory auditors, and where necessary have been asked to indicate where ADB capacity building assistance is sought.

5. Additional risk mitigation measures include (i) PMU staff will be trained in ADB's procurement and consulting service guidelines; (ii) a statement of project audit needs will be provided to ensure that audited financial statements are closely aligned with India Accounting Standards and Auditing standards; and (iii) the project procurement will use the direct payment method to expedite the process and ease the administrative burden imposed on APDC and APGC.

Country-level Issues

6. 2010 India Public Financial Management Performance Assessment Report identified that the public financial management system is well structured but unevenly implemented. Strong public financial management (PFM) is one of the key elements of the government of India's strategy for strengthening governance, optimizing outputs from public resources and ensuring inclusive and broad-based development. The World Bank provided support in strengthening PFM systems, increasing accountability in public expenditure and financial management, addressing fiduciary and governance weaknesses in the utilization of public resources. Key issues on PFM at the country-level included gaps in implementation of public financial management rules and procedures, weak internal and audit control and enforcement. Given that APGC and APDC are separate legal entities, most of the country level PFM issues have limited impact on the implementation agencies. One concern relates to the weak budgetary processes of the government which will be mitigated through early preparation of the annual work plan submitted to the government of Assam.

Risk Analysis

7. The risk assessment approach is based largely on International Standard on Auditing 400, *Risk Assessment and Internal Control*. Inherent risk was assessed as low-to-moderate, Control risk was considered moderate largely due to the previous experience of APDC in implementing ADB-funded projects, the findings of the interview with APGC and auditors' opinions on previous project financial statements offset by weaknesses in internal controls highlighted by the external auditors and capacity assessment of APGC and APDC.

Risk Mitigation

8. The MFF design is based on previous experience gained by ADB through working with the APDC. A PMU has already been established within APDC, reporting to the APDC Chairman & Managing Director (CMD). By the government of Assam order this PMU will provide project management oversight for the entire MFF. The project implementation units (PIU), one for each of APDC and APGC, will be established and will include experienced accountants to ensure

adequate financial management practices are developed and adhered to. Terms of reference (TOR) for the accountant position in PMUs will be provided by ADB to APDC and APGC.

9. Separate project books of accounts will be maintained and project financial statements will be prepared for the Facility. Accounting systems are currently part computerized and part manually maintained spreadsheets. APDC and APGC recognize the need to introduce fully computerized accounting systems, as recommended under TA 7378 Assam: Capacity Development of the Assam Power Sector Utilities. APDC is in the process of developing enterprise resource planning system which will cover both accounting and reporting systems. A contract was signed in April 2013 for supply, installation, implementation and support of the enterprise resource planning (ERP) system. Implementation of an initial pilot is scheduled to take 18 months, with a further 9 months scheduled for a broader roll-out and stabilization program. A software license agreement has already been executed with SAP. APGC has prepared a request for proposal (RFP) for consulting support to develop its ERP program, and this RFP has been approved by APGC's for release. In due course, APGC will be requested to prepare a time-bound action plan for the introduction of ERP system and ensure its board approval of the plan and issuance of request for implementation proposal before ADB loan disbursement.

10. The following is a summary of the risk mitigation measures to be introduced and included. ADB will obtain assurance through legal covenants that progress is being made towards implementation of an ERP system, more effective performance of the Internal Audit department, and enhanced controls over cash and fixed assets as a condition for loan disbursement. Given that many of the above measures are time consuming, ADB will only insist upon indication that the plans for mitigations have been initiated prior to disbursement. This will include:

(i) Approval by the Board of Directors of APGC of the implementation of an ERP, and issuance of an RFP in this regard. ADB shall assist in the development of a comprehensive TOR for the ERP as part of TA support.
(ii) Submission of Internal Audit Report to the Audit Committee of the Board of Directors for the first and second quarter of 2013, evidencing that a risk based audit was conducted, along with the auditors findings and recommendations.
(iii) Certification from the statutory external auditors of APGC and APDC stating that they have verified all Fixed Deposit Receipt Balances based on review of the original certificates or direct confirmations. In the absence of this, approval by the Board of Directors to write off unverifiable cash and bank balances.
(iv) Approval by the Board of Directors of APGC and APDC to conduct a one-time valuation and reconciliation of fixed assets and spares and issuance of a request for proposal in this regard. ADB shall assist in the development of a comprehensive TOR for the ERP as part of TA support.

11. Evidence of the above should be provided to ADB.

12. Detailed statement of audit needs will be provided to ensure that audited entity level financial statements comply with India Accounting and Auditing standards issued by ICAI and the project financial statements meet ADB's donor specific requirements

13. The respective PMUs will ensure that the annual work plan process begins early enough to identify all counterpart funding and budget allocation requirements for the project, allowing the government of Assam to adequately provision for counterpart funding and to execute necessary budget release in time. The PMUs will include adequate levels of human resources

for technical and financial management, and ensure their orientation and training in the government's and ADB's rules, procedures and reporting requirements.

14. Funds will be disbursed through the direct payment method from ADB to the corresponding payees upon submission of adequate supporting documentation.

A. Project Description

15. A detailed description of the MFF is given in the Report and Recommendation to the president (RRP).

16. The Assam Power Sector Investment Program (the Investment Program) is a proposed MFF to fund the power generation and distribution efficiency improvement projects in the state of Assam, India.[5] The objectives of the investment will be to achieve increased adequacy and efficiency of power system, including renewable energy in Assam. The investment components include two electricity generation projects with cumulative net capacity addition of 130 megawatt (MW),[6] distribution efficiency improvement in selected urban Assam, and institutional capacity development and project implementation supports to the executing agencies (EA).

17. APGC will be responsible for implementing Tranche 1 (Lakwa gas power plant upgrade) and Tranche 2 (distribution system augmentation and reinforcement) and APDC will be responsible for implementing Tranche 3 (construction of Lower Kopili hydropower plant). Given that Tranche 2 is not expected to commence until mid-2015, APDC will have more time to meet its conditions for disbursement.

B. Country Issues

18. The country level issues relating to financial management are summarized from India Public Financial Management Performance Assessment Report (2010) and Governance Assessment Report, ADB (2009).

19. The reports concluded that the necessary architecture and procedures for effective PFM were in place. However, there were gaps in implementation, compliance, internal and audit control and enforcement due to capacities and inadequate and insufficient human resources.

20. Of relevance to the proposed project, the main areas of financial management weakness and potential risk in the government sector are identified below.

21. The PFM performance assessment report indicated that problems exist in India's public financial management system in terms of aggregate fiscal discipline, strategic allocation and the efficient delivery of services despite the government's efforts and the role of legal and institutional mechanisms in strengthening the financial management systems. The adoption of rule based fiscal management by enacting the Fiscal Responsibility and Budget Management Act helped in monitoring aggregate fiscal indicators, but its impact on the actual practice of

[5] A subproject under the C-TA: IND - (43166–209): Advanced Project Preparedness for Poverty Reduction – Preparing Second Assam Power Sector Investment Program as a PPTA totaling $750,000 is processed standalone for project preparatory due diligence and capacity supports to the implementing agencies (Appendix 5).

[6] The two generation projects are Lakwa gas project and Lower Kopili hydropower project. The Lakwa gas project will increase the installed capacity from the current 60 MW to 70 MW. The installed capacity of Lower Kopili hydropower project will be 120 MW. It will generate 616 GWh electricity per year and avoid 492,000 metric tons of CO_2 per year.

financial management is not clear. The budgeting system in India is conventional, input-based and more concerned with basic financial compliance; but this has not resulted in establishing effective fiscal discipline. Absence of a multi-year perspective in expenditure planning, lack of robust macro-economic forecasting on which to base the budget, and inherent weaknesses in adhering to the procedures laid down in constitutional and legal provisions have negatively affected PFM outcomes.

22. The higher expenditure out-turn as against the budget estimates, largely in revenue expenditure rather than the capital expenditure, adversely affects budget credibility. The poor planning and implementation of expenditure and disregard for budget estimates will have impacts on APDC and APGC in terms of corporate budgeting. However, this risk is considered moderate as PMUs will ensure that detailed capital works expenditure planning will be conducted with sufficient lead-time for budgetary allocation made for counterparty funding.

23. Despite the existence of the financial rules for effective internal expenditure control, the actual practice fell short of the standard. Lack of a comprehensive database limited the ability to manage the assets efficiently. The internal audit has not been effective to serve the objectives of an effective internal control system.

24. The accounts for the government sector in India are prepared on a cash basis and the year-end financial statements reflect this accounting system. However, the year-end financial statements in the form of Finance Accounts and Appropriation Accounts are presented with a time lag of 8-10 months. The government has already prepared a roadmap for transition to accrual accounting envisaging a period of 10-12 years.

25. Attention is being given to improve the PFM systems and processes including planning for budgeting, budgeting process, resource management, internal control and audit, accounting and reporting and external audit. The government has examined various aspects of PFM systems and to recommend reform measures.

26. Internal audit remains a weak link in the financial management system. It is conducted in a routine manner and basically confined to ‘compliance’ audit or ‘regularity’ audit with emphasis on compliance of rules, regulations and procedures. The internal audit does not necessarily bind the audited entity to take action on the basis of observations and recommendations of internal audit. The internal audit system has not been updated over several decades and due importance has not been given to securing ‘value for money’ and accountability. It was also noted that that no standards have evolved for internal audit in India and it did not have the required independence for its effective functioning.

27. A unitary, federally based audit is designed to play a significant role in effective financial administration of India. The Constitution of India has provided the Comptroller and Auditor General of India (CAG) as a high independent statutory authority. The Constitution prescribes exhaustive safeguards for the independent functioning of CAG. The range of audit performed by the CAG includes regularity (financial) audit, regularity (compliance) audit, IT audit and performance audit. The audit reports of CAG are examined by a Parliamentary committee, the Public Accounts Committee (PAC), which makes recommendations to Parliament on various issues involved. However, the PAC’s examination of the audit report is not comprehensive, as the committee over the years has scrutinized only a limited portion of the audit reports. The Action Taken Notes submitted by the departments and units audited by the CAG relating to other audit observations not examined by the PAC were largely formal rather than substantive. CAG’s reports are sometimes not timely because there can be a substantial time gap between

the occurrence of an irregularity and its reporting by CAG. This process is the weakest in the follow up action on the external audit carried out by the CAG. There is no law which binds them to provide action taken report to the CAG.

C. Risk Analysis

28. The risk-assessment approach is based largely on International Standard on Auditing 400, *Risk Assessment and Internal Control*. The following risk assessments are based on existing circumstances, staffing and procedures, and include recommendations for risk mitigation measures.

Inherent Risk

29. Inherent risk is the susceptibility of the project financial management system to factors arising from the environment in which it operates, such as country rules and regulations and entity working environment.

Overall Inherent Risk

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
1. Country-Specific Risks	M	The government of Assam counterpart funding of $130 million (for land, selected civil works, taxes, duties and as well as in kind contributions) needs to be provided for in the government of Assam's state budget.	PMUs will ensure that detailed capital works expenditure planning is conducted with sufficient lead time for budgetary allocation to be made for counterparty funding.
		Weak capacity of financial management (planning, budgeting, accounting and reporting)	PMUs will include adequate human resources for technical and financial management and ensure they will be trained in government and ADB's rules, procedures and reporting requirements.
2. Entity-Specific Risks	M	Limited capacity of financial management, particularly planning and risk management, has the potential to lead to delays and inadequacies in financial management of the MFF.	The PMUs will include an adequate level of human resourcing for technical and financial management and ensure their orientation and training in government and ADB's rules, procedures and reporting requirements. A qualified accountant will be required in the PMU and in the PIUs. The terms of reference of this position will be provided by ADB to APDC and APGC.
		Out-of-date and inadequate accounting manuals could lead to inconsistencies and errors in financial reporting.	Accounting manuals are currently being updated for APDC. The APGC Board has recently approved an RFP for the preparation of accounting, costing & audit annual. The related module needs to be developed by end of March 2014.

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
		Limited automation of financial management systems could lead to inconsistencies and errors in accounting and financial reporting.	APGC will be requested to prepare and submit a time-bound action plan for the implementation of ERP which will introduce computerization of its accounting system, and have in-built planning modules and manuals. APGC management has already prepared a board paper outlining its intentions with respect to ERP. It has also prepared an RFP for a consultancy to assist it " from concept to commissioning for preparation of bid documents for selection of ERP-Implementing Agency (ERP-IA), and program management for implementation of ERP Solutions". APGC will ensure approval and issuance of an RFP for ERP implementation before ADB loan disbursement. Limited ERP is currently being introduced into APDC. Internal auditors have already been appointed at APGC and APDC. APDC has also floated a tender to outsource part of its internal audit function. However, no audit report has been submitted to the Audit Committee. Risk based audit to be conducted, and reports to be submitted to the Audit Committee.
3. Project Specific Risks	M	Appointment of inexperienced personnel to the PMUs and their frequent change could lead to inconsistencies, errors and delays in implementation of ADB processes and reporting procedures.	APDC and APGC should ensure that an orientation program is provided to newly appointed PMU personnel at the start of the project and repeat it on regular basis or when there is a change in personnel.
Overall Inherent Risk	**M**		

ADB = Asian Development Bank, APDC = Assam Power Distribution Company, APGC = Assam Power Generation Company, ERP = enterprise resource planning, MFF = multitranche financing facility, PMU = project management unit, RFP = request for proposal,

Control Risk

30. Control risk is the risk that the project's accounting and internal control framework are inadequate to ensure project funds are used economically and efficiently and for the purpose intended, and that the use of funds is properly reported.

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
Control Risk			
1. Implementing Entity	M	Inadequate or poorly executed project financial management by the PMUs. Financial management and reporting duties need to be agreed and clearly defined.	APDC and APGC need to liaise regularly with ADB to ensure that ADB's requirements are met. Interagency coordination at all levels is necessary to discuss the implementation progress and performance. A clear authority and reporting structure should be agreed; clearly defined financial management and reporting duties need to be defined for the PMUs.
2. Funds Flow	L (for APDC) M (for APGC)	No significant risk for APDC. Medium risk for APGC.	APDC has experience in managing ADB funds. Funds from ADB will be managed by PMU through direct payments. APGC has no experience in managing ADB funds. Staff training on ADB rules and procedures will be required.
3. Staffing	M L (for APDC) M (for APGC)	The key staff position for project financial management is the PMU accounts officer post. The person appointed to this position in both APDC and APGC has not been identified at the time of assessment. Accounting staff lack understanding of the project activities.	Staff training in ADB financial management procedures, procurement and disbursement procedures, especially for APGC, are necessary and need to start at the beginning of the MFF. PMUs are expected to be established before ADB loan effectiveness. The terms of reference for the accountant position will be provided by ADB and incorporated in the FAM. APDC and APGC will ensure that the project staff will be informed of their functional and performance responsibilities at the beginning of the MFF. This should also be incorporated in the updated manual.
4. Accounting Policies and Procedures	M	The project will use the executing agencies' respective accounting systems, which in both cases are only partially computerized. The	Project staff needs to be trained in the project accounting policies and procedures. Relevant

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
		Chart of Accounts is adequate to properly account for project activities and disbursement categories. Project budgeting is carried out in some detail but the existing accounting system is not used to match physical and financial progress. This is produced outside of the system using excel spreadsheets for reporting. The PMUs will prepare their own budget and present to Board of the companies and state governments for approval. The government of Assam funded recurrent budgets need to be included in APDC and APGC's budgets.	templates will be prepared. Staff will be trained in their use before and during the project implementation. The risk is expected to be mitigated by APDC upon introduction of ERP. However, APGC will be requested to prepare a time-bound plan for the introduction of ERP. A commitment from the government of Assam is required. APDLC and APGC will also need to ensure the completeness.
5. Internal Audit and Internal controls	M	Internal audit departments exist in both APDC and APGC. However, the internal audit and controls are weak. The internal audit is perceived as fault-finding activity. It does not focus on systemic issues. Staff brings out only routine observations and minor objections pertaining to observance of rules or instructions. There are inadequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of Inventory, fixed assets and with regard to sale of goods and services. APDC and APGC have undertaken internal audit by the officials of the company forming different audit teams for different units, however the present practice is not commensurate with the size and the nature of business of the company. Too few qualified internal audit staff in APDC and APGC compromises quality and timeliness of internal audit of project financial management.	Both APDC's and APGC's internal audit system require further strengthening commensurate with the size and nature of its business of the company. To do this, the internal auditors will be requested to (i) prepare audit manuals and get them approved by Board of APDC and APGC by end of March 2014, (ii) prepare audit reports on quarterly basis and submit it to audit committee for review; and (iii) follow up of internal auditors' recommendations. Under APDC's proposed new corporate structure, the position of head of Internal Audit will be elevated to General Manager level. To bolster its resources, APDC intends to outsource part of its internal audit function and bids have already been received for this work. APGC has included development of an internal audit manual and training in internal audit procedures in the draft RFP that it intends to float

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
			in September 2013. Additional staff is needed in internal audit and APGC.
6. External Audit	L	According to relevant Indian audit law, APDC and APGC are currently subject to annual auditing conducted by a chartered accounting firm appointed by India's Comptroller and Auditor General (CAG).	Statement of Audit Needs will be provided in the facility administration manual indicating additional audit assurances required and time frame for submission of Annual Project Financial Statements (APFS).
	M	There are delays in submission of project audit accounts, auditor's report, etc.	APDC submitted APFS and AFS as required but not on time. The requirement will be stipulated in loan agreement as one of the covenants. Close monitoring is necessary.
7. Reporting and Monitoring	M	Auditors have given qualified opinions in audit reports. Action Taken Notes and follow up actions were largely formal rather than substantive. Financial information is not clearly linked to physical progress from the government accounting system for projects and supplementary reports are prepared outside the system.	A reporting template will be developed and provided at the start of project implementation. PMUs will prepare and submit to ADB quarterly and annual progress reports on project implementation and operation. Internal and external audit of project accounts will be undertaken routinely.
8. Information Systems	S	Limited penetration of information technology in financial management systems of the executing agencies compromises accuracy and timeliness of reporting.	Limited introduction of ERP in APDC will partially mitigate this risk. APGC needs to budget for increased computerization for project financial management and to plan for ERP introduction in the medium term.
		Data integrity compromised by poor or non-existent back-up procedures in APDC and APGC.	Procedures for regular on and off-site back up of data need to be initiated in the executing agencies.
Overall Control Risk	**M**		

ADB = Asian Development Bank, APFS = Annual Project Financial Statements, APDC = Assam Power Distribution Company, APGC = Assam Power Generation Company, CAG = Comptroller and Auditor General ERP = enterprise resource planning, FAM = facility administration manual, H = high, L = low, M = moderate, MFF = multitranche financing facility, PMU = project management unit, RFP = request for proposal, S = substantial

D. Project Financial Management System: Strengths and Weaknesses

Strengths

31. Strengths summarized below:

- Financial management of public sector companies in India is governed by a robust legislative framework. The independence of India's supreme audit institution, the CAG, is established and protected by the Constitution of India.

- APDC has experience in the implementation of ADB-funded projects and staff are familiar with ADB financial management procedures.

- ERP is being introduced by APDC, which will improve its financial management, accounting and reporting capacity. This will include planning related modules for fixed assets and stores and spares management, as well as manuals for accounting and internal controls. As discussed above, a contract has been signed for implementation and software licenses have been procured. Implementation is scheduled to take place over the next 27 months.

Weaknesses

32. Weaknesses summarized below

- The government of India does not have a central comprehensive law governing public procurement.

- The accounting system is weak and not computerized and not supported by accounting manuals.

- The internal audit function is currently not reliable.

- Existing controls over fixed assets and cash management are weak.

- There is no apparent methodological and thorough follow up of auditors' recommendations.

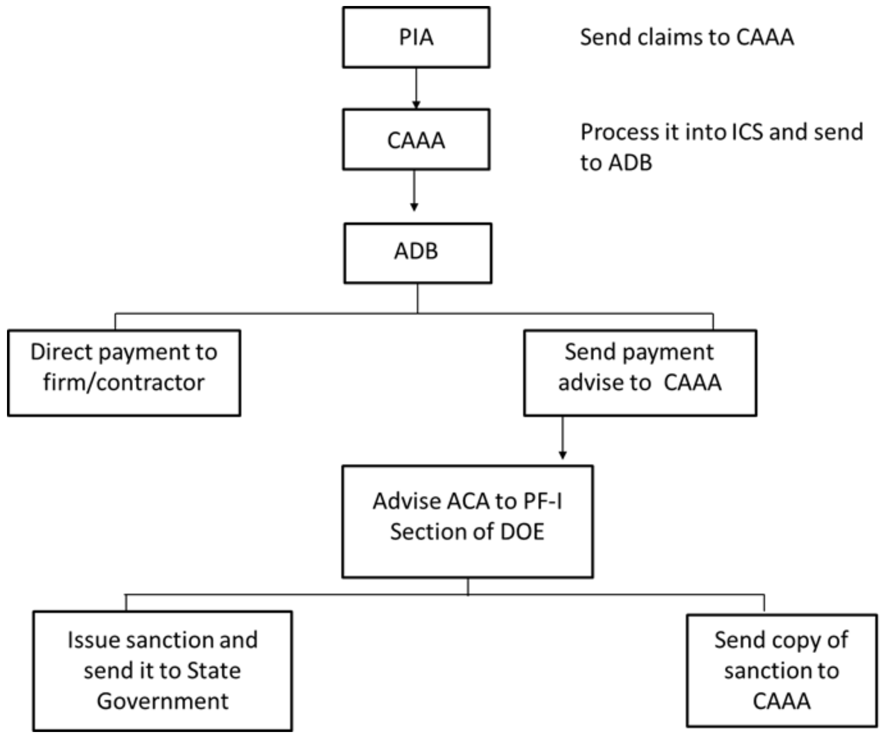
- Non compliance with certain key accounting standards leading to misrepresentation in the financial statements

E. Implementing Entity

33. The executing agency and implementing agency will be APGC for tranches 1 and 2 and APDC for tranche 3. The PMU for the MFF has already been established within APDC, by the government of Assam order, and this PMU will report to CMD APDC. The PIUs will be established in APDC and APGC respectively and provided with project management support for project implementation. The Project will be steered by a Project Steering Committee (PSC) chaired by the Secretary of Energy.

F. Fund Flow Mechanisms

34. The fund flow and reporting mechanism is shown below.



CAAA = Controller of Aid, Accounts and Audit, PIA = Project Implementing Agency

35. The project will be financed by ADB and the government of Assam. ADB and the government of Assam will jointly monitor the project and review its progress to ensure that the funds are spent as agreed upon. Disbursement procedures are described in Section M of this report.

36. The government counterpart funds will flow from the State Finance Department in accordance with government budgetary and payment procedures. All payments are made by APDC and APGC. The quantity and timing of counterpart funding will be determined and advised by the respective PMUs, who will then initiate defined processes to ensure that counterpart funding is reflected in the approved state government budget. All ADB funds will be on-lent from government of Assam to APGC and APDC as loans, with an indicative on-lending rate of 10.5% per annum.

G. Personnel

37. The PMU and PIUs will be staffed by internal staff, including financial management personnel.

38. The human resource requirements and job descriptions for the PMU Finance/Accounts Officer will be detailed in the Facility Administration Manual (FAM). The financial management function in the PMU and in each PIU will be headed by (at least) a professional cost accountant.

39. Since not all personnel assigned will be experienced in ADB procedures, arrangements will be made by ADB and the executing agencies to ensure that training in agreed financial management procedures is provided as soon as practical once project staff have been assigned.

H. Accounting Policies and Procedures

40. APDC and APGC will set up and maintain separate project accounts and records by funding source for all expenditures incurred in relation to the MFF, following accounting principles and practices prescribed by the Indian Accounting Standards.

41. The cash basis of accounting will be adopted by the project for the purpose of the project financial statements.

I. Internal Audit

42. The internal audit function of APDC and APGC is weak. TA 7378 identified significant scope for improvement in the internal audit function APDC and APGC. An effective internal audit department should include at least one qualified accountant, preferably a member of the Institute of Internal Auditors (IIA). The IIA is a trustworthy, global, guidance-setting body which provides internal audit professionals worldwide with authoritative guidance, including the International Professional Practices Framework (IPPF). An internal audit manual should be put in place in line with the above international best practice which would guide the preparation of audit plans, scoping of audits, performance of audit procedures, frequency and quality of reporting to the Audit Committee, and follow up of audit recommendations. APDC has taken steps to outsource part of its internal audit function and has already received bids from qualified firms. As part of loan covenants, APDC and APGC will be required to ensure that internal audit reports are submitted by the Internal Auditor to the Audit Committee of the Board for the first and second quarter of 2013 prior to loan disbursement.

J. External Audit

43. APDC and APGC are audited annually by a statutory auditor appointed by the CAG. In 2002, the CAG constituted the Government Accounting Standards Advisory Board (GASAB), which prescribes various accounting standards based on the guidelines laid down by the International Federation of Accountants (IFAC). The CAG provides official comments on external audits, and APDC and APGC boards of directors consider these comments, together with the audit reports and notes to accounts, before annual accounts are endorsed. These entity-level financial statements shall be submitted to ADB within one month of their approval by the Board of Directors.

44. In addition, the audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by APDC and APGC separately. The annual audit report should include a separate auditor's opinion on the use of statement of expenditures, compliance with loan covenants and use of loans proceeds in accordance with loan agreements. The government, APDC and APGC have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to commission a supplementary audit of the project's financial statements to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. A detailed statement of audit needs shall be provided to APDC

and APGC.

K. Financial Reporting and Monitoring

45. APDC and APGC prepare entity financial reports in accordance with accounting principles prevailing in India under the Companies Act (1956), the Electricity Act, 2003 and any other applicable laws and regulations. The Chart of Accounts is largely consistent with International Accounting Standards/International Financial Reporting Standards. However, incomplete computerization has weakened the timeliness, accuracy and quality of accounting and reporting. Partial computerization also presents challenges to produce ad hoc financial reports. Annual reporting and financial statements are of acceptable quality but there are gaps in the content and delays in submission and endorsement by the board of executing agencies.

46. It is noted that that some of the financial reporting requirements of the Assam Electricity Regulatory Authority (AERC), such as asset registers, capex justifications etc., are not being complied with, and that delays in submission of information are common.

47. Currently financial statements are not prepared at the cost center level (including PIUs), however cost reports are regularly produced for all cost centers. Management accounts and reports are typically prepared and presented quarterly, although such reports are not institutionalized and tend to be ad hoc.

48. The auditors' qualifications in the audit reports indicated the weakness in the accounting system of both APDC and APGC, including fixed assets verification, accounts receivable, bank accounts reconciliation, internal audit, inventories, and inter-unit accounts. In this context, there is a need to strengthen internal controls, and APDC and APGC will be requested to take suitable actions to address the following critical qualifications within an agreed timeframe:

(i) Fixed asset and spares inventory valuation. A one-time exercise needs to be conducted by a professional valuer to identify asset impairment, if any, and to reconcile physical assets with the fixed asset listing at a given date. As part of the conditions precedent for disbursement, the assets' valuation plan need to be approved by the boards of APDC and APGC and the request for proposals need to be issued by end of December 2013.[7]
(ii) Bank account reconciliation. All these adjustments would be carried out in the accounts for FY2014.
(iii) Actuarial valuation has not been conducted since 2004. An updated valuation should be carried out and provision recorded in the financial statements.
(iv) The existence of fixed deposit balances need to be verified and adjusted, if necessary.

L. Procurement Arrangements

49. As a part of the project preparation due diligence, a high level procurement capacity assessment was carried out. The overall risk rating ascribed to the procurement environment is medium. The assessment noted that there state and central government organizations have a general mandate to follow donor rules and procedures on procurement for ADB and World Bank funded projects. In general, consistent policies and procedures with ADB's procurement and consulting guidelines, with few immaterial exceptions, are followed. However, a number of risks

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[7] APGC has already initiated a project to fully physical verify all fixed and inventory at all power stations and at the corporate office. This will be completed by the end of September 2013. APDC is in the process of outsourcing physical verification of stores.

were identified: (i) the executing agency for two of the three tranches of the MFF, APGC, has no experience with ADB procurement processes and procedures, nor does it have significant experience with hydropower projects; (ii) Information technology is not institutionalized in either executing agency; (iii) APGC may struggle to adequately resource its procurement activities. Mitigation measures include (i) provision of an external procurement specialist to the executing agency by ADB to provide additional capacity and to provide initial and ongoing training of PMU staff; (ii) direct payment method; and (iii) limited introduction of ERP in both executing agencies (for which ADB assistance may sought to ensure that funds are available to purchase a procurement management module.

M. Disbursement Arrangements

50. Disbursement arrangements are described in the FAM. The project grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time). The direct payment procedure will be followed for disbursement where the recipient may request ADB to pay the supplier/contractor directly. Expenditure being claimed for ADB financing should be charged to a Procurement Contract Summary Sheet (PCSS). Accordingly, before submitting the withdrawal application, APDC and APGC should obtain the PCSS number from ADB.

51. Before the submission of the first withdrawal application, APDC and APGC should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US$100,000, unless otherwise approved by ADB. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

N. Supervision Plan

52. ADB and the government will jointly undertake reviews of the project at least once a year. These reviews will include a review of the financial management and procurement arrangements. The reviews are to assess progress in each component, identify issues and constraints, and determine necessary remedial actions and adjustments. A mid-term review will be conducted during the third year of implementation. The mid-term review will (i) review the scope, design and implementation arrangements and identify adjustments required; (ii) assess progress of the project implementation against performance indicators; and (iii) recommend changes in the design or implementation arrangements, if necessary.

Appendix A: EA's Organization Charts[8]

Figure A.1. APGC Organization Chart

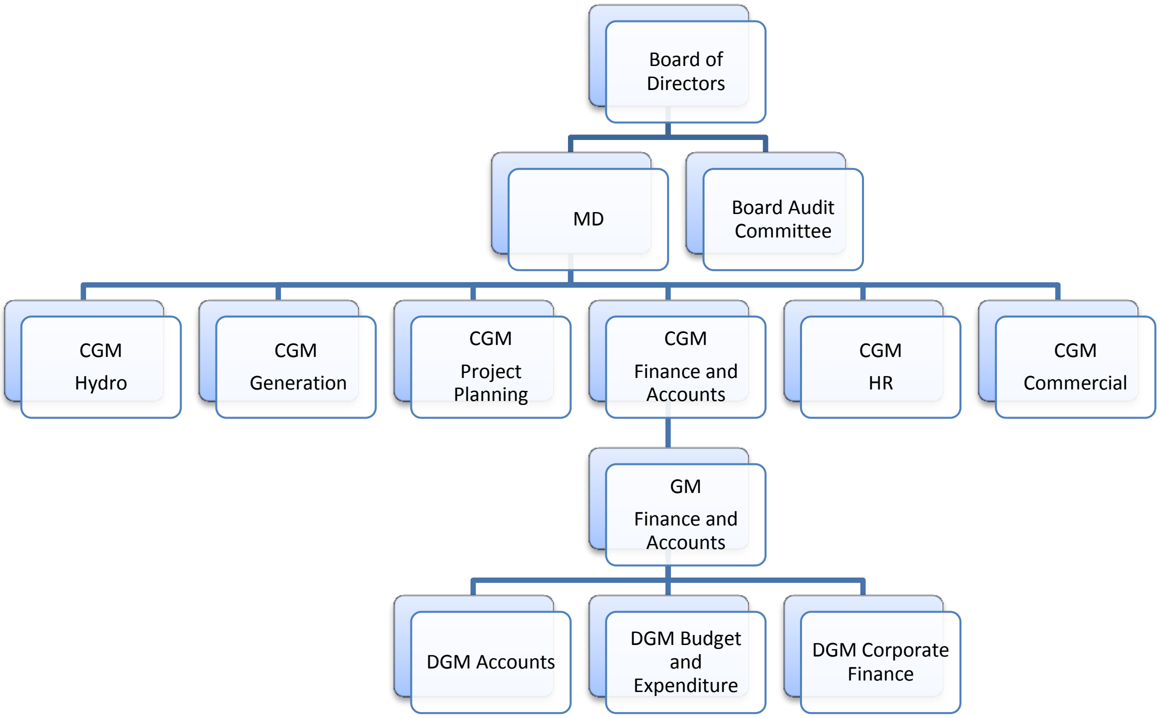
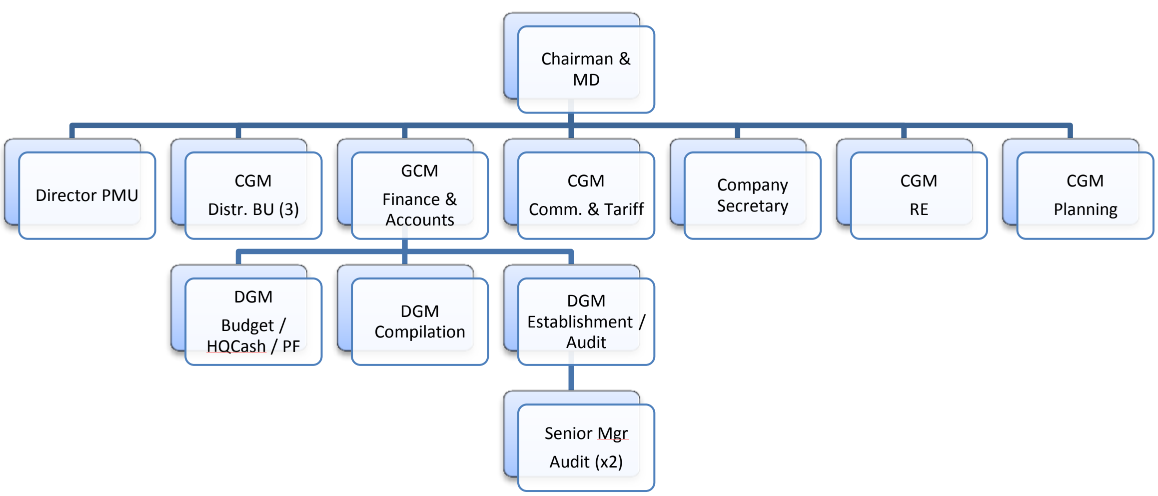
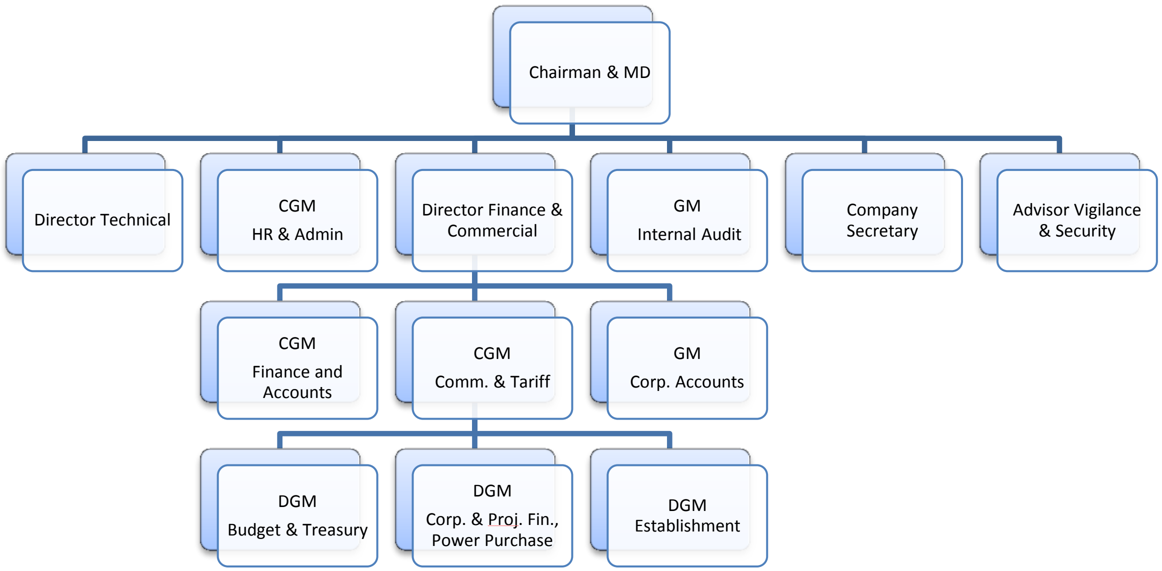


Figure A.2. APDC Current Organization Chart



[8] Charts are simplified and only show detail for finance and accounting function (and only down to Deputy General Manager level or Senior Manager level in the case of the internal audit function).

Figure A.3. APDC Proposed Organization Chart



Appendix B: Ten-year Projections of EA's Financial Performance

APGC

INCOME STATEMENT (INR million)

Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Forecast									
Revenues										
Electricity sales	4,808	9,148	10,813	8,550	8,600	10,608	13,998	14,091	14,213	14,347
Other operating revenue	94	93	88	91	89	90	90	90	90	90
Total Operating Revenues	**4,902**	**9,241**	**10,901**	**8,641**	**8,689**	**10,698**	**14,087**	**14,180**	**14,303**	**14,437**
Expenses										
Cost of generation	3,409	3,384	3,505	3,513	3,522	3,531	3,541	3,551	3,561	3,571
Repairs and maintenance	438	478	431	501	495	592	862	870	910	953
Staff costs	746	831	913	968	1,026	1,262	1,851	1,962	2,080	2,205
General and administrative expenses	64	80	103	109	116	144	216	229	243	258
Provision for doubtful loans and advances	-	-	-	-	-	-	-	-	-	-
Extraordinary items and prior period items	-	-	-	-	-	-	-	-	-	-
Total Expenses	**4,656**	**4,774**	**4,952**	**5,091**	**5,159**	**5,530**	**6,470**	**6,612**	**6,794**	**6,986**
EBITDA	246	4,468	5,949	3,549	3,530	5,168	7,618	7,569	7,509	7,452
EBITDA %	*5%*	*48%*	*55%*	*41%*	*41%*	*48%*	*54%*	*53%*	*53%*	*52%*
Depreciation	793	1,476	1,722	1,826	1,826	1,826	2,528	2,528	2,528	2,528
EBIT	(547)	2,992	4,227	1,723	1,704	3,342	5,089	5,040	4,981	4,923
Interest expense	737	1,000	1,403	1,603	1,584	3,121	4,151	4,104	4,047	3,991
Net Profit/ (Loss) Before Tax	**(1,285)**	**1,991**	**2,824**	**120**	**120**	**221**	**938**	**936**	**934**	**932**
Current and deferred tax	236	723	1,007	84	85	100	331	331	331	331
Profit/(Loss) for the year	**(1,520)**	**1,269**	**1,817**	**36**	**35**	**121**	**607**	**606**	**604**	**602**
Retained Earnings	-	-	-	-	-	-	-	-	-	-
Transfer to Balance Sheet	(1,520)	1,269	1,817	36	35	121	607	606	604	602

SOURCE AND APPLICATIONS OF FUNDS STATEMENT (INR million)

Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Forecast									
A. Cash Flow from Operating Activities										
Net profit before tax	(1,285)	1,991	2,824	120	120	221	938	936	934	932
Adjusted for:										
Tax provision	-	-	-	-	-	-	-	-	-	-
Deferred tax provision										
Profit/loss on sale of assets										
Profit/loss on sale of current investments										
Depreciation	793	1,476	1,722	1,826	1,826	1,826	2,528	2,528	2,528	2,528
Income from investments										
Interest / other income	(71)	(70)	(66)	(68)	(67)	(68)	(67)	(68)	(67)	(68)
Capital work in progress written off										
Preliminary expenses written off										
Prior period expenses										
Interest expenses	737	1,000	1,403	1,603	1,584	3,121	4,151	4,104	4,047	3,991
Operating profit before working capital charges	**175**	**4,397**	**5,883**	**3,481**	**3,463**	**5,100**	**7,550**	**7,501**	**7,442**	**7,384**
Adjusted for:										
Increase in current assets	(372)	(1,113)	(283)	145	(162)	(342)	(1,289)	(854)	(21)	(23)
Decrease in current liabilities	567	100	151	119	57	315	797	121	154	163
Cash generated from operations	**370**	**3,384**	**5,751**	**3,744**	**3,358**	**5,073**	**7,058**	**6,768**	**7,575**	**7,524**
Tax expenses	(236)	(723)	(1,007)	(84)	(85)	(100)	(331)	(331)	(331)	(331)
Net cash from operating activities	**134**	**2,662**	**4,744**	**3,660**	**3,273**	**4,973**	**6,727**	**6,437**	**7,245**	**7,193**
B. Cash From from Investment Activities										
Purchase of fixed assets	(6,568)	-	(4,221)	(2,700)	-	(12,500)	(14,700)	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-	-	-	-
Sale of investments	-	-	-	-	-	-	-	-	-	-
Capital work in progress	1,651	(10,646)	256	(5,500)	(7,278)	11,650	14,585	(345)	(460)	(230)
Income from investment	-	-	-	-	-	-	-	-	-	-
Interest / other income	71	70	66	68	67	68	67	68	67	68
Net cash used in investment activities	**(4,846)**	**(10,576)**	**(3,899)**	**(8,132)**	**(7,211)**	**(782)**	**(48)**	**(277)**	**(393)**	**(162)**
C. Cash Flow from Financing Activities										
Proceeds from share capital	2,830	3,170	-	-	-	-	-	-	-	-
Proceeds from long term borrowing	4,834	7,530	4,004	8,191	7,209	789	(124)	10	136	(83)
Repayment of finance lease liabilities	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Interest paid	(737)	(1,000)	(1,403)	(1,603)	(1,584)	(3,121)	(4,151)	(4,104)	(4,047)	(3,991)
Reserve and surplus	1,999	1,773	(1,193)	(1,817)	(36)	(35)	(121)	(607)	(606)	(604)
Net cash used in financing activities	**8,926**	**11,472**	**1,409**	**4,770**	**5,589**	**(2,366)**	**(4,396)**	**(4,701)**	**(4,516)**	**(4,678)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**4,214**	**3,558**	**2,254**	**298**	**1,651**	**1,824**	**2,284**	**1,459**	**2,336**	**2,353**
Cash opening balance	523	4,736	8,294	10,548	10,846	12,497	14,322	16,605	18,064	20,400
Cash Increase /(decrease) for year	4,214	3,558	2,254	298	1,651	1,824	2,284	1,459	2,336	2,353
Cash closing closing balance	4,736	8,294	10,548	10,846	12,497	14,322	16,605	18,064	20,400	22,753

BALANCE SHEET (INR million)

Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Forecast									
ASSETS										
Current Assets										
Cash and fixed bank deposits	4,736	8,294	10,548	10,846	12,497	14,322	16,605	18,064	20,400	22,753
Debtors	818	1,557	1,840	1,455	1,463	1,805	2,382	2,398	2,419	2,442
Short term loans and advances	651	651	651	651	651	651	651	651	651	651
Prepayments and other	-	-	-	-	-	-	-	-	-	-
Inventories	727	1,102	1,102	1,342	1,496	1,496	2,208	3,046	3,046	3,046
Other current assets	618	618	618	618	618	618	618	618	618	618
Total Current Assets	7,550	12,220	14,758	14,911	16,725	18,891	22,464	24,776	27,133	29,509
Fixed Assets										
Net fixed assets	12,457	10,981	13,479	14,353	12,527	23,201	35,373	32,845	30,317	27,789
Work-in-progress	4,397	15,043	14,787	20,287	27,565	15,915	1,330	1,675	2,135	2,365
Non-current investments	-	-	-	-	-	-	-	-	-	-
Other assets and investments	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	16,853	26,024	28,266	34,640	40,092	39,116	36,703	34,520	32,452	30,154
Total Assets	**24,403**	**38,244**	**43,024**	**49,551**	**56,817**	**58,007**	**59,167**	**59,296**	**59,585**	**59,662**
LIABILITIES										
Current Liabilities										
Short-term borrowings	-	-	-	-	-	-	-	-	-	-
Trade payables	618	633	657	675	684	734	858	877	901	927
Other current liabilities	1,510	1,548	1,606	1,651	1,673	1,793	2,098	2,144	2,203	2,266
Short-term provisions	1,823	1,869	1,938	1,993	2,020	2,165	2,533	2,588	2,659	2,735
Total Current Liabilities	3,950	4,050	4,201	4,320	4,377	4,692	5,489	5,610	5,764	5,927
Non-Current Liabilities										
Long-term borrowings	10,170	17,700	21,704	29,895	37,103	37,893	37,769	37,779	37,916	37,833
Other long-term liabilities	74	74	74	74	74	74	74	74	74	74
Long-term provisions	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	10,244	17,774	21,778	29,969	37,177	37,967	37,843	37,853	37,989	37,906
Capital and Reserves										
Share capital	7,389	10,559	10,559	10,559	10,559	10,559	10,559	10,559	10,559	10,559
Reserves and surplus	2,820	5,862	6,486	4,704	4,704	4,790	5,276	5,275	5,273	5,271
Total Capital and reserves	10,209	16,420	17,045	15,263	15,262	15,348	15,835	15,833	15,831	15,829
Total Liabilities and Equity	**24,403**	**38,244**	**43,024**	**49,551**	**56,817**	**58,007**	**59,167**	**59,296**	**59,585**	**59,662**

APDC

INCOME STATEMENT (INR million)

Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Forecast									
Revenues										
Electricity sales	24,188	37,495	49,613	48,416	57,538	68,376	81,369	97,119	116,407	140,242
Energy trading	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
GOA revenue grant	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other operating revenue	1,728	1,947	2,195	2,449	2,689	2,925	3,166	3,406	3,650	3,915
Total Operating Revenues	**30,416**	**43,943**	**56,308**	**55,365**	**64,727**	**75,802**	**89,035**	**105,026**	**124,556**	**148,658**
Expenses										
Electricity purchases	22,106	24,951	27,691	31,001	36,575	43,360	51,672	61,919	74,631	90,507
Transmission charges	5,097	5,297	5,597	6,262	7,389	8,759	10,438	12,508	15,076	18,283
Staff costs	6,348	7,415	8,875	10,196	11,744	13,565	15,720	18,284	21,354	25,058
Repairs and maintenance	486	568	680	781	899	1,039	1,204	1,400	1,635	1,919
General and administrative expenses	321	375	449	515	594	686	795	924	1,080	1,267
Provision for doubtful loans and advances	79	114	146	144	168	197	231	272	323	386
Extraordinary items and prior period items										
Total Expenses	**34,436**	**38,719**	**43,437**	**48,899**	**57,368**	**67,606**	**80,060**	**95,308**	**114,100**	**137,419**
EBITDA	(4,020)	5,223	12,870	6,466	7,359	8,195	8,975	9,718	10,457	11,238
EBITDA %	*-13%*	*12%*	*23%*	*12%*	*11%*	*11%*	*10%*	*9%*	*8%*	*8%*
Depreciation	1,010	1,892	2,550	3,069	3,490	3,850	4,166	4,445	4,696	4,922
EBIT	**(5,030)**	3,331	10,320	3,397	3,869	4,345	4,809	5,273	5,760	6,316
Interest expense	1,416	2,013	2,706	3,411	4,098	4,753	5,356	5,919	6,450	6,955
Net Profit/ (Loss) Before Tax	**(6,446)**	**1,318**	**7,614**	**(14)**	**(228)**	**(408)**	**(547)**	**(647)**	**(690)**	**(639)**
Current and deferred tax	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the year	**(6,446)**	**1,318**	**7,614**	**(14)**	**(228)**	**(408)**	**(547)**	**(647)**	**(690)**	**(639)**
Retained Earnings										
Transfer to Balance Sheet	(6,446)	1,318	7,614	(14)	(228)	(408)	(547)	(647)	(690)	(639)

SOURCE AND APPLICATIONS OF FUNDS STATEMENT (INR million)

Item	2014	2015	2016	2017	2018	2019	2020	2020	2020	2020
	Forecast									
A. Cash Flow from Operating Activities										
Net profit before tax	(6,446)	1,318	7,614	(14)	(228)	(408)	(547)	(647)	(690)	(639)
Adjusted for:										
Tax provision	-	-	-	-	-	-	-	-	-	-
Deferred tax provision										
Profit/loss on sale of assets										
Profit/loss on sale of current investments										
Depreciation	1,010	1,892	2,550	3,069	3,490	3,850	4,166	4,445	4,696	4,922
Income from investments										
Interest / other income	-	-	-	-	-	-	-	-	-	-
Capital work in progress written off										
Preliminary expenses written off										
Prior period expenses										
Interest expenses	1,416	2,013	2,706	3,411	4,098	4,753	5,356	5,919	6,450	6,955
Operating profit before working capital charges	**(4,020)**	**5,223**	**12,870**	**6,466**	**7,359**	**8,195**	**8,975**	**9,718**	**10,457**	**11,238**
Adjusted for:										
Increase in current assets	(481)	(3,364)	(3,075)	235	(2,328)	(2,754)	(3,291)	(3,977)	(4,857)	(5,994)
Decrease in current liabilities	5,272	968	4,296	1,193	5,772	3,286	8,922	4,211	12,092	14,951
Cash generated from operations	**771**	**2,828**	**14,091**	**7,894**	**10,803**	**8,728**	**14,606**	**9,953**	**17,691**	**20,196**
Tax expenses	-	-	-	-	-	-	-	-	-	-
Net cash from operating activities	**771**	**2,828**	**14,091**	**7,894**	**10,803**	**8,728**	**14,606**	**9,953**	**17,691**	**20,196**
B. Cash From from Investment Activities										
Purchase of fixed assets	(11,508)	(10,361)	(9,665)	(9,151)	(8,910)	(8,752)	(8,644)	(8,592)	(8,557)	(8,534)
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-	-	-	-
Sale of investments	-	-	-	-	-	-	-	-	-	-
Capital work in progress	3,627	1,720	1,044	770	362	236	163	77	53	34
Changes in other long-term assets	-	-	-	-	-	-	-	-	-	-
Interest / other income	-	-	-	-	-	-	-	-	-	-
Net cash used in investment activities	**(7,881)**	**(8,641)**	**(8,620)**	**(8,381)**	**(8,547)**	**(8,516)**	**(8,481)**	**(8,515)**	**(8,504)**	**(8,500)**
C. Cash Flow from Financing Activities										
Proceeds from share capital	-	-	300.0	300.0	-	-	-	-	-	-
Net proceeds from long term borrowing and other long-term liabilities	5,220	6,513	7,101	6,818	6,791	6,295	5,874	5,599	5,348	5,179
Repayment of finance lease liabilities	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Interest paid	(1,416)	(2,013)	(2,706)	(3,411)	(4,098)	(4,753)	(5,356)	(5,919)	(6,450)	(6,955)
Reserve and surplus	3,220	2,339	982	524	567	610	653	696	739	783
Net cash used in financing activities	**7,025**	**6,839**	**5,677**	**4,230**	**3,261**	**2,152**	**1,171**	**376**	**(363)**	**(994)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(85)**	**1,026**	**11,148**	**3,744**	**5,516**	**2,363**	**7,296**	**1,814**	**8,824**	**10,702**
Cash opening balance	18,737	18,652	19,678	30,826	34,570	40,086	42,449	49,745	51,559	60,383
Cash Increase /(decrease) for year	(85)	1,026	11,148	3,744	5,516	2,363	7,296	1,814	8,824	10,702
Cash closing closing balance	18,652	19,678	30,826	34,570	40,086	42,449	49,745	51,559	60,383	71,085

BALANCE SHEET (INR million)

Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Forecast									
ASSETS										
Current Assets										
Cash and fixed bank deposits	18,652	19,678	30,826	34,570	40,086	42,449	49,745	51,559	60,383	71,085
Debtors	7,564	10,928	14,004	13,769	16,097	18,852	22,143	26,119	30,977	36,971
Short term loans and advances	372	372	372	372	372	372	372	372	372	372
Prepayments and other	-	-	-	-	-	-	-	-	-	-
Inventories	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579
Other current assets	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931
Total Current Assets	34,099	38,489	52,712	56,221	64,065	69,183	79,770	85,560	99,242	115,937
Fixed Assets										
Net fixed assets	24,438	32,907	40,021	46,103	51,523	56,425	60,902	65,050	68,911	72,523
Work-in-progress	17,262	15,541	14,497	13,727	13,364	13,128	12,966	12,888	12,836	12,801
Non-current investments	-	-	-	-	-	-	-	-	-	-
Other assets and investments	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	41,700	48,448	54,518	59,830	64,887	69,553	73,868	77,938	81,746	85,324
Total Assets	**75,798**	**86,937**	**107,230**	**116,051**	**128,953**	**138,736**	**153,638**	**163,498**	**180,988**	**201,262**
LIABILITIES										
Current Liabilities										
Short-term borrowings	-	-	-	-	-	-	-	-	-	-
Trade payables	23,297	22,957	25,813	25,339	28,524	28,684	33,803	33,358	39,712	47,542
Other current liabilities	8,894	10,000	11,219	12,629	14,817	17,461	20,678	24,616	29,469	35,492
Short-term provisions	1,622	1,824	2,046	2,303	2,702	3,184	3,771	4,489	5,374	6,472
Total Current Liabilities	33,813	34,781	39,077	40,271	46,043	49,329	58,252	62,463	74,555	89,506
Non-Current Liabilities										
Long-term borrowings	10,411	16,166	22,382	28,195	33,850	38,865	43,300	47,283	50,814	53,944
Other long-term liabilities	9,520	10,279	11,164	12,169	13,305	14,584	16,022	17,639	19,456	21,504
Long-term provisions										
Total Non-Current Liabilities	19,932	26,445	33,546	40,364	47,154	53,449	59,323	64,922	70,270	75,449
Capital and Reserves										
Share capital	2,508	2,508	2,808	3,108	3,108	3,108	3,108	3,108	3,108	3,108
Reserves and surplus	19,546	23,203	31,799	32,309	32,648	32,850	32,956	33,006	33,056	33,199
Total Capital and reserves	22,054	25,711	34,607	35,417	35,756	35,958	36,064	36,114	36,164	36,308
Total Liabilities and Equity	**75,799**	**86,937**	**107,231**	**116,051**	**128,953**	**138,737**	**153,639**	**163,499**	**180,988**	**201,262**