

Audited Project Financial Statements

Project Number: 47270-001

Loan Number: 3189

Period covered: 1 April 2015 to 31 March 2016

IND: Madhya Pradesh District Connectivity Sector Project

Prepared by Madhya Pradesh State Roads Development Corporation

For the Asian Development Bank

Date received by ADB: 1 July 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and Madhya Pradesh State Roads Development Corporation.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Project - Madhya Pradesh District Connectivity Sector Project (financed by Asian Development Bank under Loan No. 3189- IND) ('MPDCSP-ADB')**, as implemented by **Madhya Pradesh Road Development Corporation Limited, Bhopal ('the Corporation')** which comprises of the Statement of Receipts and Payments, the Statement of Expenditure by category and financier, the statement of disbursement and related notes for the period ended as on 31st March 2016.

Management's Responsibility for the Financial Statements

The Corporation's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the project. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Receipts and Payments, of the receipts and payments of the Project, for the period ended on 31st March, 2016; and
- (b) in the case of the Statement of Expenditure, of the expenditure incurred on the Project, for the period ended on that date.

Report on Other Legal and Regulatory Requirements

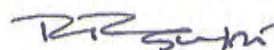
We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our examination.
- (b) In our opinion, reasonable books and records pertaining to MPDCSP-ADB loan no. 3189 have been kept by the Corporation so far as it appears from our examination of those books and records.
- (c) Proceeds of the loan have been utilised for the purpose as per ADB loan agreement.
- (d) Financial covenants in the loan agreement no. 3189-IND have been complied with.
- (e) The procedure of the SOEs has been followed in accordance with the loan agreement.

For Gupta Lakhani & Associates

Chartered Accountants

Firm Regn. No. 011894C



R.P. Gupta

Partner

M. No. 016564

Place: Bhopal

Date: 28.06.2016



Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation Limited

Implementing Agency - Madhya Pradesh Road Development Corporation Limited

Project- Madhya Pradesh District Connectivity Sector Project

Loan No.3189-IND

STATEMENT OF RECEIPTS AND PAYMENTS

REPORT FOR THE YEAR ENDED 31ST MARCH, 2016

in(INR)'000

Particular	Note Reference	During the Current year	During the Previous Year	Cumulative Project to date
		For 12 Month period	For 12 Month period	As at (End of Current year)
Opening Balance (A)		-	-	
Receipts				
Funds received from Government	4	60,00,000	3,73,393	63,73,393
ADB Loan	6			
ADB Grant	6			
Co-Financier 1	7			
Co-Financier 2	8			
Beneficiary contribution (If any)	9			
Other receipts as Temporary fund ,interest income,sale from disposal of fixed assets, etc.	10	9,83,233	-	9,83,233
Total Receipts (B)		69,83,233	3,73,393	73,56,626
Total (C=A+B)		69,83,233	3,73,393	73,56,626
Payments				
Investment Costs	11			
Civil works		62,20,637	3,73,393	65,94,030
Mechanical and Equipment				
Environment and Social Mitigation		-		
Consultants				
a. Project Management		1,18,777	-	1,18,777
b. Capacity Development				-
Others (Service Tax & Project Development Expenses)		42,646	-	42,646
Subtotal (D)		63,82,060	3,73,393	67,55,453
Recurrent Costs	12			
Salaries		-	-	0
Accommodation		-	-	0
Equipment Operation and Maintenance		-	-	0
Others		-	-	0
Subtotal (E)		0	0	0
Total Payments				
Financing Charges During Implementation (F)	13	0	0	0
Total Project Cost (G=D+E+F)		63,82,060	3,73,393	67,55,453
Closing Balance (C-G)		6,01,173	-	6,01,173

For M.P.Road Development Corporation Ltd.

(G.P.Mehra)
Chief Engineer

(Upendra Sharma)
General Manager in-charge (Fin.)

As per our report of even date attached

For M/s Gupta Lakhani & Associates

Chartered Accountants

Firm Regn.No.:011894C

(R.P.Gupta)

Partner

M.No. 016564



Place : Bhopal


Date : 28 JUN 2016

Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation Limited
Implementing Agency - Madhya Pradesh Road Development Corporation Limited
Project- Madhya Pradesh District Connectivity Sector Project
Loan No.3189-IND
Statement of Expenditure by Category & Financier
Report for the year ended 31st march,2016

in(INR)'000

Particular	Percentage of Financing 1	ADB		Co-Financier		Government		Total Expenditure 8
		Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2	% 3	Amount 4	% 5	Amount 6	% 7	
Investment Costs		48,52,097	78			13,68,540	22	62,20,637
Civil works								
Mechanical and Equipment								
Environment and Social Mitigation								
Consultants		1,18,777	100			-		1,18,777
a. Project Management								
b. Capacity Development								
c. Others (Service Tax & Project		-				42,646	100	42,646
Development Expenses)								
Subtotal (A)		49,70,874				14,11,186		63,82,060
Recurrent Costs		-		-		-		-
Salaries								
Accommodation								
Equipment Operation and Maintinence								
Others								
Subtotal (B)		-		-		-		-
Total Cost (C=A+B)		49,70,874		-		14,11,186		63,82,060
% Total Project Cost		20.27%				5.76%		26.03%
Total Project cost for (Insert prev. year period)		8.24%				2.32%		10.56%

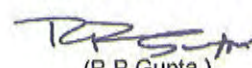
For M.P.Road Development Corporation Ltd.


 (G.P. Mehra)
 Chief Engineer


 (Upendra Sharma)
 General Manager in-charge (Fin.)

Place : Bhopal
 Date : 28 JUN 2016

As per our report of even date attached
 For M/s Gupta Lakhani & Associates
 Chartered Accountants
 Firm Regn.No.:011894C


 (R.P. Gupta)
 Partner
 M.No. 016564



Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation Limited

Implementing Agency - Madhya Pradesh Road Development Corporation Limited

Project- Madhya Pradesh District Connectivity Sector Project


Loan No.3189-IND


STATEMENT OF DISBURSEMENT

Details of the disbursement by method are given below:

				In (INR) '000
Statement of Disbursement	Note	Current Year	Previous Year	Cumulative Project to date
ADB Fund Claimed during the Year				
Reimbursement	6.1	49,70,874	2,91,247	52,62,121
Imprest Fund	6.2			
Direct Fund	6.3			
Commitment Letter	6.4			
Subtotal	(A)	49,70,874	2,91,247	52,62,121
Total Expenditure made during the year	(B)	63,82,060	3,73,393	67,55,453
Less:				
Expenditure not yet Claimed	(C)	-	-	-
Borrower's Share	(D)	14,11,186	82,146	14,93,332
Total Eligible Expenditure claimed (B-C-D=E=A)	(E)	49,70,874	2,91,247	52,62,121

For M.P.Road Development Corporation Ltd.


(G.P.Mehra)
Chief Engineer


(Upendra Sharma)
General Manager in-charge (Fin.)

Place : Bhopal

Date : 28 JUN 2016

As per our report of even date attached

For M/s Gupta Lakhani & Associates

Chartered Accountants

Firm Regn.No.:-011894C


(R.P.Gupta)
Partner
M.No. 016564



Annexure – 4

Name of the Country - INDIA

Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation limited

Implementing Agency – Madhya Pradesh Road Development Corporation Limited

Project- Madhya Pradesh District Connectivity Sector Project

Loan No. -3189-IND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1 PROJECT NATURE AND ACTIVITIES

1.1 Description Of the project - To develop more efficient and sustainable transport operations on the Major District Road.

Nature of activities- Rehabilitation and up gradation of the Major District Road
commencement and expected completion dates-27/03/2015 and 30/04/2018

Location- Major District Roads at all parts of the Madhya Pradesh

Brief Nature of the project outputs -More efficient and sustainable transport operations on the Major District Road.

1.2 Give legislative framework – Not Applicable

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with terms of reference (TOR) conveyed by Government of India/ Ministry of Finance/ Department of Economic Affairs vide their letter No. 4/12/2013-ADB-II dated 27/08/2013. This refers to the cash basis of accounting applied with due regard to the General Financial Rules, PWD Codes, Treasury Codes, and similar rules and codes as are in effect and applicable to the operation of the project.

3. SIGNIFICANT ACCOUNTING POLICY

3.1 Financial Statement

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financier, the statement of Disbursement and related notes appendices to the financial Statements.

3.2 Basic of Measurement

Financial statements have been prepared under the historical cost convention and on cash basis of accounting.

3.3 Change of accounting policies-There is no change in Accounting Policies. These financial statements have been prepared in accordance with terms of reference (TOR) conveyed by Government of India/ Ministry of Finance/ Department of Economic Affairs vide their letter no. 4/12/2013-ADB-II dated 27/08/2013.

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3.4 Fund Flow Mechanism

Describe the fund flow mechanism, in particular, whether the IA/EA control funds or whether all payments are centralized- Fund Flow Mechanism are controlled by EA and all payments are centralized.

3.5 Advance and other receivables

Describe treatment of advance against expenditures –Advances as and when paid are treated as expenditure and whenever recovered from the interim payment certificate the net amount paid after recovery of advances are shown as expenditure.

3.6 Cash and cash equivalents

Cash equivalents comprise [define components of cash]. Explain if the entity controls unspent advances, only petty cash, or has a nil balance, as applicable– All payments are made through Bank only. No cash balance is maintained.

3.7 Accrued and other Liabilities

Disclose any major liabilities which have not been accrued under the cash basis policy- Following liabilities have not been accrued under the cash basis policy therefore not accounted for :-

Liabilities	Amount (Rs.)
Retention Money	- 242606289.00
Withheld / Other Deductions	- 128370364.00
Unpaid bills	
Contractors	- 436462704.00
Consultants	- 6208015.00
Statutory Deductions on unpaid bills	- 26321130.00

3.8 Income

- i) Describe nature of different types of Income and how they are recognized. For example Grants, sale of proceeds of fixed assets, interest income on bank accounts etc. – Details of other receipts are given in Note reference 10.
- ii) [included if applicable] Free of cost office space, Electricity and certain other services provided by {insert name} are not valued and accordingly, are not recognized in these financial statements as income of the project.- NA

3.9 Foreign currency transaction and translation

- (a) Function and presentation currency

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Items included in the financial statements of the project are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Indian Rupee (INR)

(b) **Transactions and balances** – No transactions in foreign currency.

3.10 **Allocation of common Costs**

No common costs are allocated to different output/activities.

3.11 **Interest Expenses and Financial Charges**

No financial charges & interest have been allocated to the project by the borrower.

4. **FUNDS RECEIVED FROM THE GOVERNMENT**

Government of Madhya Pradesh provides fund to Madhya Pradesh Road Development Corporation based on executing program submitted through budgetary support. Details of fund provided are as under:-

	in (INR)'000		
	Current Year	Previous Year	Cumulative Year to Date
Government Counterpart funding amount Reimbursable to Government			
Fund Received	60,00,000	3,73,393	63,73,393

5. **Date of Authorization**

These financial statements have been authorized for issue by the Management of Madhya Pradesh Road Development Corporation Limited on 17/06/2016

For M.P.Road Development Corporation Ltd.



(G.P.Mehra)
Chief Engineer



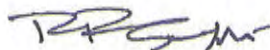
(Upendra Sharma)
General Manager in-charge
(Fin.)

As per our report of even date attached

For M/s Gupta Lakhani & Associates

Chartered Accountants

Firm Regn.No.:011894C



(R.P.Gupta)

Partner

M.No. 016564



Place : Bhopal
Date : 28 JUN 2016

Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation Limited
Implementing Agency - Madhya Pradesh Road Development Corporation Limited
Project- Madhya Pradesh District Connectivity Sector Project
Loan No.3189-IND

6 . FUNDS RECEIVED FROM ADB

NOT APPLICABLE

6.1 Fund received from ADB through reimbursement method

In (INR)'000	
Particulars	Amount in INR
Amount spent and claim submittable by MPRDC for reimbursement during financial year 2015-2016	49,70,874
Add: Amount spent in FY 2014-15 but Claim submitted by MPRDC during the year 2015-16	2,91,246
LESS: Expenditure incurred during the year 2015-16 but claims are not submitted till 31/03/2016	9,71,101
LESS: Amount incurred and claimed during the year 2015-16 but reimbursed by ADB on 27/04/2016	8,30,242
LESS: Claims submitted by MPRDC of Rs.89,62,33,006/- but reimbursed by ADB on 2/3/2016 is Rs 88,93,95,515/-	6,837
Amount of Reimbursement by ADB during financial year 2015-2016	34,53,940

Annexure - 6

ADB LOAN & GRANT

NOT APPLICABLE

Annexure - 7

DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE

As per Appendix 1

Annexure - 8

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Note Reference 7

Co-Financer 1

NOT APPLICABLE

Note Reference 8

Co-Financer 2

NOT APPLICABLE



Note Referenece 9
Beneficiary contribution

As per Appendix - 2

Note Referenece 10
DETAILS OF OTHER RECEIPTS AS PER NOTE REFERENCE 10

Particulars	In (INR)'000		
	Current Year	Previous Year	Cumulative project to date
Temporary Advance from MPRDC	9,55,124	-	9,55,124
Interest (net after Tax deducted at source)	28,109	-	28,109
TOTAL	9,83,233	-	9,83,233

For M.P.Road Development Corporation Ltd.



(G.P.Mehra)
Chief Engineer


(Upendra Sharma)
General Manager in-charge (Fin.)

Place : Bhopal

Date : 28 JUN 2016

As per our report of even date attached
For M/s Gupta Lakhani & Associates
Chartered Accountants
Firm Regn.No.:-011894C


(R.P.Gupta)
Partner
M.No. 016564



Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation Limited

Implementing Agency - Madhya Pradesh Road Development Corporation Limited

Project- Madhya Pradesh District Connectivity Sector Project

Loan No.3189-IND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE

W/A No.	SOE Sheet No.	Category	Total Amount Paid	ADB Financing 78 %	Net Eligible Expenses	Amount Reimbursed	Imprest Fund Replenished/ Liquidated	Total Disbursement Using SOE Procedure
	2	3	4	5	6 (4x5)	7	8	9=(7+8)
0000'1	1	Civil Work	62,20,637	78%	48,52,097	33,72,291	0	33,72,291
0000'2	2	Mechanical Work						
	1	Consultants	1,18,777	100%	1,18,777	81,649	0	81,649
	2	Salaries						
	3	Accommodation						
0000'5	1	Environment and Social Mitigation						
	2	Equipment Operation and Maintenance						
		Total	63,39,414		49,70,874	34,53,940	0	34,53,940
		Total for (Prior Year)	3,73,393		2,91,247	-		-

In (INR) '000



Chief Engineer

Indt. No. MPRDC/FIN/3016

Executing Agency - Govt. of Madhya Pradesh & Madhya Pradesh Road Development Corporation Limited
 Implementing Agency - Madhya Pradesh Road Development Corporation Limited
 Project - Madhya Pradesh District Connectivity Sector Project
 Loan No. 3188-IND

STATEMENT OF APPROPRIATION VS. ACTUAL

Cost Categories	For the current year ended 2016				For the prior year ended 2015				Cumulative from (beginning to project) to year to date			
	Budgeted Expenditures INR'000	Actual Expenditures INR'000	Utilization Percentage %	Variance INR'000	Budgeted Expenditures INR'000	Actual Expenditures INR'000	Utilization Percentage %	Variance INR'000	Program Budgeted Expenditures INR'000	Actual Expenditures INR'000	Utilization Percentage %	Variance INR'000
Investment Costs												
Civil works	69,48,897	62,20,637	89.52%	7,28,260		3,73,393	54.78%	3,40,017	76,30,497	65,94,030	86.42%	10,36,467
Mechanical and Equipment												
Environment and Social Mitigation												
Consultants												
a. Project Management	3,29,630	1,18,777	36.03%	2,10,853		0	0	0	3,29,630	1,18,777	36.03%	2,10,853
b. Capacity Development												
Others (Service Tax, Project Development Expenses Bank charges & interest payment)												
Subtotal	72,78,527	63,39,414		9,39,113	6,81,600	3,73,393		3,08,207	79,60,127	67,12,807		12,47,320
Recurrent Costs												
Salaries												
Accommodation												
Equipment Operation and Maintenance												
Others												
Subtotal	0	0		0	0	0		0	0	0		0
Total Payments	72,78,527	63,39,414		9,39,113	6,81,600	3,73,393		3,08,207	79,60,127	67,12,807		12,47,320
Financing Charges During Implementation												
Total Project Cost												



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