Audited Project Financial Statements

Project Number: 47100 Loan Number: 3066

Period covered: 1 April 2013 to 31 March 2014

IND: Madhya Pradesh Power Transmission and Distribution System Improvement Project

Prepared by Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore

For the Asian Development Bank Date received by ADB: 17 November 2014

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 the Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore.



L.K. Maheshwari & Co. **ACCOUNTANTS** CHARTERED

324. Starlit Tower. 29, Y.N. Road, Indore-452 003 Ph.: (0731) 2436951, 4250304 email: abhay.singi@gmail.com

website: www.lkmandco.com

CA. Abhay Singi B.Com., F.C.A

Tο The Board of Directors Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited, Indore (M.P.)

Report on the Project Financial Statements

We have audited the accompanying financial statements of Madhya Pradesh Power Transmission & Distribution system Improvement Project executed by Madhya Pradesh Paschim Kshetra Vidyut Vitran Company limited, Indore, Financed under Asian Development Bank Loan No. 3066-IND which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement and related notes for the year ended 31st March 2014.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of Project for the year ended 31st March 2014 in accordance with accounting standards as applicable to MPPKVVCL.

In addition, in our opinion:

- There was no Transaction under this Project during the year. (a)
- Financial covenants in the loan agreement of the Madhya Pradesh Power transmission & (b) Distribution system Improvement Project dated. 17.02.2014 have been complied with.

For L.K.Maheshwari & Cc. **Chartered Accountants**

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FRN-000780C

(Abhay Singi) **Partner**

M.no.079873

Date:10.11.2014 Place:Indore

Fax: 0755-2421464

Executing Agency: Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.

Implementing Agency: Government Of Madhya Pradesh

Name of Project:Madhya Pradesh Power Transmission and Distribution System Improvement

Project

Loan No.: 3066-IND

STATEMENT OF RECEIPTS & PAYMENTS REPORT FOR THE YEAR/PERIOD ENDED 31st March 2014

			In INR'(000).
Particulars	Current Year (2013- 14)	Previous Year (2012-13)	Cumulative Project to date
	For 12 month period	For 12 month period	As at 31st March 2014
Opening Balance (A)	0	0	0
Receipts			,
(i)Funds received from ADB during the year (a)	NIL	NIL	NIL
Less: Fund received during the year which pertain to Exp incurred during previous Year(b)	NIL	NIL	
Add: claims in transit (c)	NIL		NIL
Claims sent in respect of current Years Expenditure (d=a-b+c)	NIL	NIL NIL	NIL
Add: Claims under prepration (e)	NIL	NIL	NIL
Total receipt from ADB for Expenditure incurred during the Year (f=d+e)	NIL	NIL	NIL
Beneficiary Contribution(g)	NIL	NIL	NIL
Retention Money yet to be paid (h)	NIL	NIII	
Total Receipts (B=f+g+h)	NIL	NIL	NIL
Total (C=A+B)	NIL	NIL	NIL
Payments	IVIL	NIL	NIL
Investment Costs			
Erection	NIL	NIII	
Supply	NIL	NIL NIL	NIL
Subtotal (D)	NIL	NIL	NIL
Recurrent Cost (E)	TVIE	NIL	NIL NIL
Overhead costs	NIL	NUT	
Subtotal (E)	NIL	NIL	NIL
Total Payments	NIL	NIL NIL	NIL
Financing Charges During Implementation (F)	701	NIL	NIL
Total Project Cost G=D+E+F	NIL	NIL	NIL
Closing Balance (C-G)	NIL NIL	NIL	NIL
	INIL	NIL	NIL

Note: Effective date of Loan No.3066-IND was 21.03.2014. However there was no expenditure incurred till 31.03.2014 under this Project.

Chief Financial Officer M.P.P.K.V.V.Co.Ltd, Indone

Name of Project:Madhya Pradesh Power Transmission and Distribution System Improvement Project Name of the Executing Agency-Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd. Name of the Implementing Agency-Implemented By Government Of Madhya Pradesh Loan No.: 3066-IND

STATEMENT OF EXPENDITURE BY CATEGORY & FINANCIER REPORT FOR THE PERIOD ENDED 31st March 2014

								In INR(000).
		ADB		Beneficiary (Discom)	(Discom)	Co-financier	ıncier	Total
Particulars	4	Actual Expenditure	enditure	Actual Expenditure	enditure	Actual Ex	Actual Expenditure	Expenditure
	financing 1	Amount 2	% "	Amount	% п	Amount	1 %	∞
Investment Costs			,	4)	0	,	
Erection	100% of total Expenditure	NIL	NIL	NIL	NIL	NII	NIL	NIL
Supply	excluding taxes & Duties	NIF	NIL	NIL	NIC	Z	NIF	Z
Subtotal (A)		NIL	NI	Z	Z	Z	ž	2
Recurrent Costs								
Overhead Cost	· ·	NIL	J.N	Z	Ž	Z	12	= 2
Subtotal (B)	10.40	NE	Ę	Z	Z	Z		2 2
Total Project Cost C=(A+B)	EL I	NIL	IN	Z	Z	Z		
% Total Project Cost	3	NIC	NIL	NIL	NIL	Ī	Z	2



Chief Fipercial Officer
M.P.R.V.V,Co.Ltd., Indore

Executing Agency: Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.

Implementing Agency: Government Of Madhya Pradesh

Name of Project:Madhya Pradesh Power Transmission and Distribution System Improvement Project

Loan No.: 3066-IND

FOR THE YEAR ENDED 31.03.2014

Statement of Disbursement

Details of the disbursement by method are given below:

In INR'(000).

Statement of Disbrusement ADB Fund claimed for expenditure incurred during	Current Year 2013-14	Prior Year 2012-13	Cumulative Project as on 31st March 2014
the year			
Reimbursement	NIL	NIL	NIL
Imprest Fund	NIL	NIL	NIL
Direct Payment	NIL	NIL	NIL
Commitment Letter	NIL	NIL	NIL
SubTotal (A)	NIL	NIL	NIL
Total Expenditure made during the year (B)	NIL	NIL	NIL
Less			
Expenditure not yet claimed (C)	NIL	NIL	NIL
Borrower's Share (D)	NIL	NIL	NIL
Retention money yet to be paid (E)	NIL	NIL	NIL
Total Eligible Expenditure claimed (B-C-D-E=F)(F=A)	NIL	NIL	NIL

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Chief Financial Officer
M.P.P.K.V.V.Co.Ltd., Indore

Executing Agency: Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.

Implementing Agency: Government Of Madhya Pradesh

Name of Project: Madhya Pradesh Power Transmission and Distribution System

Improvement Project Loan No.: 3066-IND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

1. PROJECT NATURE AND ACTIVITIES

Description-

The objective of this project is to increase capacity and operational efficiency in electricity transmission and distribution system in state. The Project has three components – Transmission system improvement, Distribution system improvement and Capacity Building.

Impact-

The impact of this project would be adequate and reliable power supply in Madhya Pradesh. The project outcome would be increased capacity and operational efficiency in electricity transmission and distribution system in the state.

Loan Effective Date: 21st March 2014

Loan Closing Date: 31st December 2018

2. STATEMENT OF COMPLIANCE

The Company is engaged in the business of electricity distribution in the area of Indore and Ujjain Commissionaire of State of Madhya Pradesh and is governed by the provisions of Electricity Act 2003. The provisions of this Act read with the rules made there under prevail wherever the same are Inconsistent with the provision of The Companies Act 1956. The company prepares its financial statements under historical cost basis in accordance with generally Accepted Accounting Principles (GAAP) and the Accounting Standards as notified by the Companies (Accounting Standard) Rules 2006 unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Statements:

The financial statement have been prepared under the historical cost convention in accordance with **Generally acceptable accounting principles (GAAP) and applicable Accounting Standards issued** under section 211(3C) and Section 210 A(1) of the Companies Act 1956 and the relevant presentational requirement of Companies Act 1956.

3.2 Basis of measurement

The financial statements have been prepared under the historical cost convention. The project account is prepared in INR thousand.

3.3 Changes in Accounts policies

During the year there is no change in the Company's Accounting policies

3.4 Fund flow mechanism

Company has not incurred any expenditure under this Loan during the F.Y. 2013-14.

3.5 Advances and other receivables

Discom has not taken any advance from ADB under this Loan

3.6 Cash and Cash equivalents

For this project Discom has not taken any imprest from ADB hence this clause is not applicable.

3.7 Accrued and other liabilities

All the accrued and other liabilities have been duly accounted for in preparation of Project Accounts.

3.8 Income

Revenue from sale of energy to consumers is accounted —for on accrual basis on the basis of billing to consumers as per the Tariff fixed by M.P. Electricity Regulatory Commission (MPERC) for each category. Revenue from Electricity Sale which remained un-billed as at the end of Financial Year has been provided for in the books of accounts on the basis of last month's bill. However there is no direct income related to this project.

3.9 Foreign currency transaction and translation

Items included in the Financial Statements of the Projects are measured in INR.

3.10 Allocation of Common Costs

Common Costs are apportioned on the weighted average balance of expenditure on CWIP for the year against specified project and it is accounted in 'Beneficiary Contribution' (i.e. MPPKVVCL) under Annexure-1 of the Project account. As the Company has not incurred any expenditure under this Loan during the F.Y. 2013-14 therefore common costs is NIL.

3.11 Interest Expenses and Financial Charges

Interest and Finance charges are apportioned on the weighted average balance of expenditure on CWIP for the year as per accounting policy followed by the Company for all Projects. As the Company has not incurred any expenditure under this Loan during the F.Y. 2013-14 therefore Interest costs is NIL.

4. Fund Received from the Government

MPPKVVCL has not received any funds from the Government for this project.

5. Date of Authorization

The accounts of the company are authorised in the 56th Board Meeting held on 24th July 2014.

Chief Figancial Officer
M.P.P.K.V.V.Co.Ltd, Indore

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NOTES TO THE FINACIAL STATEMENTS FOR THE

YEAR ENDED 31.03.2014

Funds Received from ADB

1.Date of Loan Agreement- 17.02.2014

2.Loan Effective Date- 21.03.2014

3Disbursement Schedule - Disbursement can be taken up to 31.12.2018

4.Interest Rate for the year ended 31st March 2014- 3.043%

ADB Source of Funds-Method of Withdrawal	During the Current year 2013-14	During the Previous year 2012-13	in (INR 000) Cumulative Project as on 31st March 2014
ADB Loan			
-By Reimbursement Method -By Imprest account ¹ - By Direct payment - By commitment procedure ADB Loan total	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL
ADB Grant	NIL	NIL	NIL
ADB Loan and Grant Total	NIL	NIL	- NIL

Note:There were no transactions during the Year under this Loan.

M.P.P.K. V.V.Co.Ltd., Indorg

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

6.2 Reconciliation of the Imprest Account and the Bank Statement	N.A.
6.3 Payment made directly by ADB during the year 2013-14	NIL
6.4 Details of payment made through commitment procedure	NIL
6.5 Details of Grant	NII

Chief Officer M.P.P.K. V.V.Co.Ltd., Indore

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

Details of disbursement claimed under Statement of Expenditure (SOE) Procedure

N. A.

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6.6

Chief I marcial Officer
M.P.P.K.V.V,Co.Ltd., Indore

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

		(In INR 000)
Current Year	Prior Year	cumulative
2013-14	2012-13	Project as on 31st
		March 2014

7-13

If any of the amount given on the Satement of Receipt and payment require further detail or Break-down, provide this here against relevant Note

Not Required

INDORE &

Chief Officer
M.P.P.K. V. Co. Ltd., Indore

MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITRAN CO.LTD., REGISTERED OFFICE: GPH COMPOUND POLO GROUND, INDORE (A Govt. of MP Undertaking)

www.mpwz.co.in, CIN: u40109MP2002SGC015121, E-MAIL ID: mkjmpeb@gmail.com Ph.No: 0731-2426108, 2426110, 2426105, 2426310 Fax: 2423300

Indore Dtd: 10th Nov.2014

To,

L.K. Maheshwari & Co. Chartered Accountants 324, Starlit Tower 29,Y.N. Road Indore (M.P.)

This assertion letter is provided in connection with your audit of the financial statement of the Madhya Pradesh Power Transmission and Distribution System Improvement Project Loan No. 3066-IND for the year ended 31st !March 2014. We acknowledge our responsibility for the fair presentation of financial statements in accordance with Accounting Standards as applicable to MPPKVVCL, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relation to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Financing Agreement, the Project Agreement and the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

Chief Financial Officer