

Audited Project Financial Statements

Project Number: 47100
Loan Number: 3066
Period covered: 1 April 2015 to 31 March 2016

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



To
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 the **Madhya Pradesh Power Transmission and 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 2016.

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 2016 in accordance with accounting standards as applicable to MPPKVCL.

In addition, in our opinion:

- (a) Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan/Project Agreement.
- (b) Financial covenants in the loan agreement of the Madhya Pradesh Power Transmission and Distribution System Improvement Project dated 17.02.2014 have been complied with.

For L.K. Maheshwari & Co.
Chartered Accountants
FRN-000780C


(Abhay Singi)
Partner
M.No.: 079873



Dated : 30/09/2016
Place : Indore

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

Implementing Agency: Government Of Madhya Pradesh

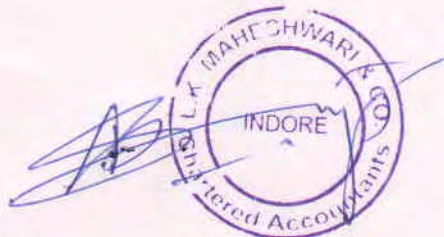
Name of Project: Madhya Pradesh Power Transmission and Distribution System Improvement Project

Loan No.: 3066-IND

STATEMENT OF RECEIPTS & PAYMENTS
REPORT FOR THE YEAR/PERIOD ENDED 31st March 2016

In INR'(000)

Particulars	Current Year (2015-16)	Previous Year (2014-15)	Cumulative Project to date
	For 12 month period	For 12 month period	As at 31st March 2016
Opening Balance (A)	0	0	0
Receipts			
(i) Funds received from ADB during the year (a)	312023.74	308041.43	620065.17
Less: Fund received during the year which pertain to Exp incurred during previous Year(b)	6881.70	0.00	0.00
Add: claims in transit (c)	12377.95	6881.70	12377.95
Claims sent in respect of current Years Expenditure (d=a-b+c)	317519.99	314923.13	632443.12
Add: Claims under prepration (e)	9004.03	0.00	9004.03
Total receipt from ADB for Expenditure incurred during the Year (f=d+e)	326524.02	314923.13	641447.15
Beneficiary Contribution(g)	92972.59	26927.14	119899.73
Co-Financier - PFC (h)	0.00	0.00	0.00
Retention Money yet to be paid (i)	22672.63	0.00	22672.63
Total Receipts (B=f+g+h+i)	442169.23	341850.27	784019.51
Total (C=A+B)	442169.23	341850.27	784019.51
Payments			
Investment Costs			
Erection	47045.14	36094.92	83140.06
Supply	363238.65	304555.96	667794.61
Subtotal (D)	410283.79	340650.88	750934.67
Recurrent Cost			
Overhead costs	17038.41	696.18	17734.60
Subtotal (E)	17038.41	696.18	17734.60
Total Payments (D+E)	427322.20	341347.06	768669.27
Financing Charges During Implementation (F)	14847.03	503.21	15350.24
Total Project Cost G=D+E+F	442169.23	341850.27	784019.51
Closing Balance (C-G)	0.00	0.00	0.00



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

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

STATEMENT OF EXPENDITURE BY CATEGORY & FINANCIER
 REPORT FOR THE PERIOD ENDED 31st March 2016

In INR '(000)

Particulars	Percentage of financing 1	ADB		Beneficiary (Discom)		Co-financier (PFC)		Retention Money yet to be paid*		Total Expenditure 10
		Actual Expenditure Amount 2	% 3	Actual Expenditure Amount 4	% 5	Actual Expenditure Amount 6	% 7	Actual Retention Amount 8	% 9	
Investment Costs										
Erection	100% of total Expenditure excluding taxes & Duties	32851.11	10.06	11123.13	14.24	0.00	0.00	3070.90	0.00	47045.14
Supply		293672.91	89.94	49964.02	63.95	0.00	0.00	19601.72	0.00	363238.65
Subtotal (A)		326524.02	100.00	61087.15	78.19	0.00	0.00	22672.63	0.00	410283.79
Recurrent Costs										
Overhead Cost		0.00	0.00	17038.41	21.81	0.00	0.00	0.00	0.00	17038.41
Subtotal (B)		0.00	0.00	17038.41	21.81	0.00	0.00	0.00	0.00	17038.41
Total Project Cost C=(A+B)		326524.02	100.00	78125.56	100.00	0.00	0.00	22672.63	0.00	427322.20
% Total Project Cost		-	76.41	-	18.28	-	0.00	-	5.31	100.00

* Retention money yet to be paid by ADB as and when it becomes due and it has already been included in Expenditure.



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

Srinivas

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 31.03.2016

Statement of Disbursement

Details of the disbursement by method are given below:

Statement of Disbursement	In INR'(000)		
	Current Year 2015-16	Prior Year 2014-15	Cumulative Project as on 31st March 2016
ADB Fund claimed for expenditure incurred during the year			
Reimbursement	0.00	0.00	0.00
Imprest Fund	0.00	0.00	0.00
Direct Payment	317519.99	314923.13	632443.12
Commitment Letter	0.00	0.00	0.00
SubTotal (A)	317519.99	314923.13	632443.12
Total Expenditure made during the year (B)	442169.23	341850.27	784019.51
Less			0.00
Expenditure not yet claimed (C)	9004.03	0.00	9004.03
Borrower's Share (D)	92972.59	26927.14	119899.73
Retention money yet to be paid (E)	22672.63	0.00	22672.63
Total Eligible Expenditure claimed (B-C-D-E=F)(F=A)	317519.99	314923.13	632443.12



Srinivas
 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 2016**

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.

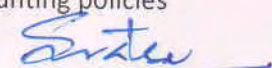
3.2 Basis of measurement

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




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

3.4 Fund flow mechanism

All the payments are made to Contractors through Direct Payment procedure of ADB.

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

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.

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 69th Board Meeting held on 07th September 2016.




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

Name of the Executing Agency-Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.
 Name of the Implementing Agency-Implemented By 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 31.03.2016

Funds Received from ADB

- 1.Date of Loan Agreement- 17.02.2014
- 2.Loan Effective Date- 21.03.2014
- 3.Interest Rate for the year ended 31st March 2016- 3.77%

In INR '(000)			
ADB Source of Funds-Method of Withdrawal	During the Current year 2015-16	During the Previous year 2014-15	Cumulative Project as on 31st March 2016
ADB Loan			
-By Reimbursement Method	NIL	NIL	NIL
-By Imprest account	NIL	NIL	NIL
- By Direct payment	326524.02	314923.13	641447.15
- By commitment procedure	NIL	NIL	NIL
ADB Loan total	326524.02	314923.13	641447.15
ADB Grant	-	-	-
ADB Loan and Grant Total	326524.02	314923.13	641447.15

Note:ADB Loan is calculated on the basis of Expenditure incurred during the Year.



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

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 Loan No.: 3066-IND

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31.03.2016

6.2 Reconciliation of the Imprest Account and the Bank Statement

NA

6.3 Details of Payment made by ADB as per L.F.I.S through Direct payment method during the year 2015-16 are given below :-

W/ Appl. No.	Amount disbursed	Value date
WA083	68,81,700.00	24-Apr-15
WA089	15,78,342.00	06-May-15
	16,04,163.00	06-May-15
	16,04,163.00	06-May-15
WA091	61,70,422.00	12-May-15
WA097	48,12,489.00	25-May-15
WA104	15,78,342.00	23-Jun-15
	32,08,326.00	23-Jun-15
WA110	42,00,990.00	27-Jul-15
	28,12,036.00	27-Jul-15
WA113	15,78,342.00	31-Jul-15
	1,25,01,155.00	31-Jul-15
	32,08,326.00	31-Jul-15
	32,08,326.00	31-Jul-15
WA116	69,32,226.00	10-Aug-15
	16,66,961.00	10-Aug-15
	8,16,648.00	10-Aug-15
	12,94,051.00	10-Aug-15
	4,53,744.00	10-Aug-15
WA119	12,57,539.00	12-Aug-15
	33,78,212.00	12-Aug-15
WA123	55,35,992.00	21-Aug-15
	14,82,148.00	21-Aug-15
	11,13,000.00	21-Aug-15
WA125	35,42,468.00	21-Aug-15
WA128	28,29,549.00	21-Aug-15
	19,66,731.00	21-Aug-15
WA129	56,63,700.00	26-Aug-15
WA143	34,73,561.00	12-Oct-15
WA148	61,06,336.00	19-Oct-15
WA150	55,30,704.00	19-Oct-15
WA151	51,47,963.00	23-Oct-15
	13,09,771.00	23-Oct-15
WA156	47,35,026.00	03-Nov-15
	48,12,489.00	03-Nov-15
WA161	51,56,466.00	09-Nov-15
	8,70,809.00	09-Nov-15
	25,02,990.00	09-Nov-15
	1,07,148.00	09-Nov-15
WA165	17,41,654.00	18-Nov-15
	19,79,110.00	18-Nov-15
WA171	32,26,020.00	15-Dec-15
	10,52,572.00	15-Dec-15
	2,99,609.00	15-Dec-15
WA172	35,15,705.00	14-Dec-15
	12,15,610.00	14-Dec-15
WA174	14,17,056.00	11-Dec-15
	23,47,080.00	11-Dec-15
WA177	39,73,837.00	15-Dec-15
	3,45,290.00	15-Dec-15
	3,51,184.00	15-Dec-15
WA181	31,96,400.00	17-Dec-15
	26,18,109.00	17-Dec-15
WA182	37,13,510.00	21-Dec-15
	9,88,082.00	21-Dec-15
	46,80,674.00	21-Dec-15
	31,80,707.00	21-Dec-15
WA185	25,75,498.00	23-Dec-15
	3,30,910.00	23-Dec-15
	58,28,687.00	23-Dec-15
	6,05,424.00	23-Dec-15
	1,10,14,559.00	23-Dec-15
	10,14,712.00	23-Dec-15
	11,10,920.00	23-Dec-15



Sratan
 Chief Financial Officer

	3,12,325.00	23-Dec-15
WA195	1,00,90,264.00	30-Dec-15
	12,57,706.00	30-Dec-15
	60,07,256.00	30-Dec-15
	6,38,265.00	30-Dec-15
WA196	10,13,396.00	31-Dec-15
	2,75,297.00	31-Dec-15
	36,85,115.00	31-Dec-15
	7,58,939.00	31-Dec-15
	58,50,051.00	31-Dec-15
	43,85,408.00	31-Dec-15
	8,36,746.00	31-Dec-15
WA198	47,26,835.00	13-Jan-16
	6,49,576.00	13-Jan-16
WA200	5,46,022.00	21-Jan-16
	41,95,454.00	21-Jan-16
WA201	5,18,456.00	20-Jan-16
	8,01,170.00	20-Jan-16
	85,47,830.00	20-Jan-16
	9,75,041.00	20-Jan-16
WA204	21,76,344.00	08-Feb-16
	51,231.00	08-Feb-16
	16,04,163.00	08-Feb-16
WA207	31,56,684.00	11-Feb-16
	32,08,326.00	11-Feb-16
	69,17,789.00	11-Feb-16
	1,39,887.00	11-Feb-16
	36,76,401.00	11-Feb-16
WA213	29,45,305.00	25-Feb-16
	9,00,520.00	25-Feb-16
	40,46,359.00	25-Feb-16
	6,43,423.00	25-Feb-16
WA217	70,06,900.00	26-Feb-16
	8,92,074.00	26-Feb-16
	27,42,249.00	26-Feb-16
	26,787.00	26-Feb-16
WA219	47,07,850.00	10-Mar-16
	15,41,608.00	10-Mar-16
	1,52,598.00	10-Mar-16
	16,49,304.00	10-Mar-16
	1,60,518.00	10-Mar-16
WA226	92,26,694.00	30-Mar-16
	2,14,976.00	30-Mar-16
	32,08,326.00	30-Mar-16
Total	31,20,23,741.00	
Total (In '000)	312023.74	

6.4 Details of payment made through commitment procedure

NIL

6.5 Details of Grant

NIL



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

Name of the Executing Agency-Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.
Name of the Implementing Agency-Implemented By 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 31.03.2016**

6.6 Details of disbursement claimed under Statement of Expenditure (SOE) Procedure **N. A.**



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

Name of the Executing Agency-Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.
Name of the Implementing Agency-Implemented By Government Of Madhya Pradesh
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Loan No.: 3066-IND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31.03.2016**

In INR '(000)

Current Year 2015-16	Prior Year 2014-15	Cumulative Project as on 31st March 2016

7-13

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

Not Required



Srinan
Chief Financial Officer
M.P.P.K.V.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: 29/09/2016

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 2016**. We acknowledge our responsibility for the fair presentation of financial statements in accordance with Accounting Standards as applicable to MPPKVCL, 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 relating 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.



(Sanjay Vatsa)
Chief Financial Officer