

# Audited Project Financial Statements

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Project Number: 40423-023  
Loan/Grant Number: Loan 2881-IND  
Period covered: 1 April 2018 to 31 March 2019

## IND: Rural Connectivity Investment Program-- Tranche 1

Prepared by: Chhattisgarh State Rural Road Development Agency

For the Asian Development Bank  
Date received by ADB: 24 February 2020

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 Access to Information Policy and as agreed between ADB and the Chhattisgarh State Rural Road Development Agency.

**Chhattisgarh Rural Road Development Agency  
Civil Lines, Raipur (C.G.)**

No 2051 /RC-2/CGRRDA/2020

Raipur, Dated: 24 Feb., 2020

To,

**Dr. I.K. Pateriya,,**  
Director, (Projects-II & ADB)  
National Rural Infrastructures Development Agency,  
Ministry of Rural Development, Govt. of India.  
5th Floor, 15-NBCC Tower, Bhikaji Kama Place,  
New Delhi-110066

**Subject: - Submission of Audited Project Financial Statements (APFS) in respect of Loan no. 2881, Tranche-I, IND for FY 2018-19.**

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With reference to above, kindly find enclosed herewith the Audited Project Financial Statements (APFS) for the financial year ended 31st March, 2019 for Loan no. 2881-IND-RCIP Tranche-I. for further needful.

Soft copy of Audited Project Financial Statements (APFS) is being submitted separately by email.

**Enclosure :- As above**

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(Alok Katiyar)  
Chief Executive Officer  
Chhattisgarh Rural Road Development Agency  
Civil Lines, Raipur (C.G.)

Endt. No 2052 /RC-2/CGRRDA/2020  
Copy to :-

Raipur, Dated: 24 Feb., 2020

ADB, India Resident Mission, 4, San Martin Marg, Chankyapuri, New Delhi 110021, P.O. Box 5331, Chankyapuri, New Delhi.

ak  
Chief Executive Officer  
Chhattisgarh Rural Road Development Agency  
Civil Lines, Raipur (C.G.)

**M/S S C MAHANDRU & CO.**  
**CHARTERED ACCOUNTANTS**  
**PARK STREET 1, CHOUBEY COLONY RAIPUR (C.G.)**  
**PH.NO. (M) 9827977252**

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To

**Chhattisgarh Rural Road Development Agency**

**Civil Lines, Raipur (C.G.)**

**Report on the Project Financial Statements**

We have audited the accompanying financial statements of the **Rural Connectivity Investment Programme Tranche-1 Project** financed under **Asian Development Bank under Loan No. 2881-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 as in 31st March 2019.

These statements are the responsibility of the Projects 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 application of funds of project for the year ended 31<sup>st</sup> March 2019 in accordance with Government of India accounting standards.

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 Rural Connectivity Investment Programme Tranche-1 **Loan No. 2881-IND** dated **02/04/2013** have been complied with
- (c) (i)(a) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement.



This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament/State or UT Legislature.

**For, M/s S C Mahandru & Co.**

**Chartered Accountants**

Firm Regn No. 001695C

  
**(CA Vikas Golchha)**

**Partner**

**M.No. 424451**



**Date : 22.02.2020**

**Place: Raipur**

**UDIN : 20424451AAAAAT9824**



Executing Agency – Chhattisgarh Rural Road Development AgencyRural Road Sector Investment ProgrammeLoan No.2881-INDSTATEMENT OF RECEIPTS AND PAYMENTSREPORT FOR THE YEAR ENDED 31ST MARCH, 2019

Rs. In '000

Particular	Note Reference	Due Reference	During the Current year For 12 Month Period	During the Previous year For 12 Month Period	Cumulative Project to date As at (End of Current Year)
<b>Opening Balance (A)</b>			694,468.21	0	0
<b>Receipts</b>					
Funds received from Government	4		-	1,765,580.00	5,128,762.00
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				
<b>Total Receipts (B)</b>			-	1,765,580.00	5,128,762.00
<b>Total (C=A+B)</b>			694,468.21	1,765,580.00	5,128,762.00
<b>Payments</b>					
Investment Cost	11				
Civil Works			10,319.31	87,530.56	4,444,613.10
Mechanical and Equipment					
Consultants					
a. Pronject Management					
b. Capacity Development					
Others (Service Tax & Project Development Expenses)					
<b>Sub total (D)</b>			10,319.31	87,530.56	4,444,613.10
Recurrent Costs	12				-
Salaries					-
Accommodation					-
Equipment operation and Maintinence					-
Others					-
<b>Sub total (E)</b>			-	-	-
<b>Total Payments</b>					
<b>Financing Charges During Implementation (F)</b>	13		-	-	-
<b>Total Project Cost (G=D+E+F)</b>			10,319.31	87,530.56	4,444,613.10
<b>Closing Balance (C-G)</b>			684,148.90	1,678,049.44	684,148.90

For Chhattisgarh Rural Road Development Agency

(Alok Katiyar)  
Chief Executive Officer

Place : Raipur

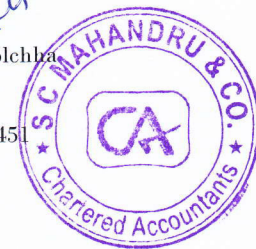
Date : 22.02.2020

(R.K. Shukla)  
Additional Director, Finance

As Per our report of even date attached  
For M/s S C Mahandru & Co.  
Chartered Accountants  
Firm Regn No. 001695C

CA Vikas Golchha  
Partner

M. No. 424451



## Executing Agency – Chhattisgarh Rural Road Development Agency

## Rural Road Sector Investment Programme

Loan No.2881-IND

## STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER

## REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

Rs. In '000

Particular	ADB		Co- Financier		Government		Total Expenditure 8	
	Perecentage of Financing 1	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2	% 3	Amount 4	% 5	Amount 4		% 7
Investment Cost		8,255.45	80			2,063.86	20	10,319.31
Civil Works								
Mechanical and Equipment								
Consultants								
a. Pronject Management								
b. Capacity Development								
C.Others								
Sub total (A)		8,255.45				2,063.86		10,319.31
Recurrent Costs								
Salaries								
Accommodation								
Equipment operation and Maintinence								
Others						0		0
Sub total (B)		0						
Total Cost (C=A+B)		8,255.45				2,063.86		10,319.31

For Chhattisgarh Rural Road Development Agency

As Per our report of even date attached  
For M/s S C Mahandru & Co.  
Chartered Accountants  
Firm Regn No. 001695C

(Alok Katiyar)

Chief Executive Officer

(R.K. Shukla)

Additional Director, Finance

CA Vikas Golchha

Partner

M. No. 424451



Place : Raipur

Date : 22.02.2020

**Executing Agency – Chhattisgarh Rural Road Development Agency**  
**Rural Road Sector Investment Programme**

**Loan No.2881-IND**

**FOR THE YEAR ENDED 31.03.2019**

**STATEMENT OF DISBURSEMENT**

Details of disbursement by method are given below:

Rs. In '000

Statement of Disbursement	Note	Current Year	Previous Year	Cumulative Project ot date
<b>ADB Fund Claimed during the Year</b>				
<b>Reimbursement</b>	6.1	8,255.45	70,024.44	3,555,690.51
Imprest Fund	6.2			
Direct Fund	6.3			
Commitment Letter	6.4			
<b>Sub total</b>	(A)	8,255.45	70,024.44	3,555,690.51
<b>Total Expenditure made during the year</b>	(B)	10,319.31	87,530.56	4,444,613.10
Less				
Expenditure not yet Claimed	(C)	0	0	0
Borrower's Share	(D)	2,063.86	17,506.12	888,922.59
<b>Total Eligibal Expenditure claimed (B-C-D=E=A)</b>	(E)	8,255.45	70,024.44	3,555,690.51

For Chhattisgarh Rural Road Development Agency

(Alok Katiyar)  
Chief Executive Officer

Place : Raipur  
Date : 22.02.2020

(R.K. Shukla)  
Additional Director, Finance

As Per our report of even date attached  
For M/s S C Mahandru & Co.  
Chartered Accountants  
Firm Regn No. 001695C

CA Vikas Golchha  
Partner  
M. No. 424451





**Name of the Country**– INDIA

**Executing Agency**– Govt. of Chhattisgarh & Chhattisgarh Rural Road Development Agency

**Implementing Agency**- Chhattisgarh Rural Road Development Agency

**Project** - Rural Connectivity Investment Programme Tranche-1

**Loan No.** 2881-IND

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

**1 PROJECT NATURE AND ACTIVITIES**

**1.1 Description of the project** – To develop more efficient and sustainable transport operations on the rural road network.

**Nature of activities**- Construction of new road and up gradation of the rural road under PMGSY, ADB RCIP Tranche-1, Loan No. 2881-IND.

**Commencement and expected completion dates**-02/04/2013 and 30/06/2018

**Location**- Rural Roads at Bemetara, Balodabazar, Bilaspur, Gariaband, Janjgir-Champa, Jashpur, Kawardha, Korba, Korja, Mahasamund, Mungeli, Raigarh & Raipur districts of the Chhattisgarh state.

**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 statement have been prepared in accordance with approved accounting standards, as applicable in India. 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 OF 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 Statement 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 policy as compare to the previous year. These financial statement 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. 8/4/2013-ADB-II dated 06/03/2013.

### 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 considered as expenditure in the SOE & enclosed annexure and any recovery in the interim payment certificate, the net amount paid after recovery are considered 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-**Miscellaneous Deposit & Security Deposits which will be issued after completion of the certain terms and conditions and statutory liabilities deposited in next financial year which was outstanding at the end of the year.

### 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.-** There is no income to be recognized.
- 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 the these financial statements as income of the project. -NA**

### 3.9 Foreign currency transaction and translation

- (a) Function and presentation currency



Items included in the financial statements of the project are measure 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 Chhattisgarh & Central Government provides funds to Chhattisgarh Rural Road Development Agency based on executing program submitted through budgetary support.

Details of fund provided are as under :-

(Rs. In 000)

	Current Year	Previous Year	Cumulative year to date
Government Counterpart funding amount reimbursable to Government – Central Share	0.00	1059348.00	3861198.00
Government Counterpart funding amount reimbursable to Government -State Share	0.00	706232.00	1267564.00
Borrowed from Programme Fund	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>1765580.00</b>	<b>5128762.00</b>

## 5. Date of Authorization

These financial statements have been authorized for issue by the management of Chhattisgarh Rural Road Development Agency on 19.02.2020

**For Chhattisgarh Rural Road Development Agency**

(AlokKatiyar)  
Chief Executive Officer

(R.K. Shukla)  
Additional Director, Finance

Place : Raipur  
Date: 22.02.2020  
UDIN: 20424451AAAAAT9824

As Per our report of even date att

**For M/s S C Mahandru & Co.**

Chartered Accountants  
Firm Regn No. 001695C

CA Vikas Golchha  
Partner  
M.No. 424451





**Annexure-5****Executing Agency**– Govt. of Chhattisgarh & Chhattisgarh Rural Road Development Agency**Implementing Agency**- Chhattisgarh Rural Road Development Agency**Loan No.** 2881-IND**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019****6. FUNDS RECEIVED FROM ADB**

(Rs. in '000)

ADB Source of Funds-Method of Withdrawal	Note Reference	During the Current Year	During the Previous Year	Cumulative Project to Date
ADB Loan				
- By Reimbursement Method	6.1	21256.07	143186.10	3551477.33
- By Imprest Account	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		21256.07	143186.10	3551477.33
ADB Grant				
ADB Loan and Grant Total				

**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 31<sup>ST</sup> MARCH 2019**

NOT APPLICABLE

**Annexure-9****Note Reference 9****Beneficiary Contribution**

As per Appendix 2

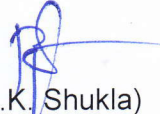


EXPENDITURE BY OUTPUT COMPONENTS

As per Appendix 3

For Chhattisgarh Rural Road Development Agency

  
(Alok Katiyar)  
Chief Executive Officer

  
(R.K. Shukla)  
Additional Director, Finance

Place : Raipur  
Date: 22.02.2020  
UDIN: 20424451AAAAAT9824

As Per our report of even date attested

For M/s S C Mahandru & Co.

Chartered Accountants

Firm Regn No. 001695C

  
CA Vikas Golchha  
Partner

M.No. 424451





Executing Agency – Chhattisgarh Rural Road Development Agency  
Rural Road Sector Investment Programme

Loan No.2881-IND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE  
FOR THE YEAR ENDED 31ST MARCH 2019**

Rs. In '000

SOE	Category	Total Amount Paid	ADB Financing 80%	Net Eligible Expenses	Amount Reimbursement	Imprest Found Replenished/Liquidated	Total Disbursement Using SOE Procedure
1	3	4	5	6(4x5)	7	8	9 = (7+8)
1	Civil Works	10,319.31	80%	8,255.45	*21256.07	0	21256.07
2	Mechanical Works						
1	Consultants						
2	Salaries						
3	Accommodation						
1	Equipment and Social Mitigation						
2	Equipment operation and Maintenance						
	<b>Total</b>	<b>10,319.31</b>	<b>80%</b>	<b>8,255.45</b>	<b>21256.07</b>	<b>0</b>	<b>21256.07</b>
	<b>Total For (Prior Year)</b>						

\*Note : Amount reimbursement includes previous year claimed also



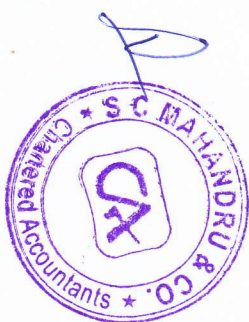
Executing Agency - Chhattisgarh Rural Road Development Agency

Rural Road Sector Investment Programme

Loan No.2881-JND

## STATEMENT OF APPROPRIATION VS. ACTUAL

Rs. In '000												
	For the Current year ended 2019				For the Prior year ended 2018				Cumulative from (Beginning to Project) to year to date			
	Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance	Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance	Program Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance
Cast Categories			%				%				%	
Investment Cost												
Civil Works	10,319.31	10,319.31	100%		87,530.56	87,530.56	100%		4,444,613.10	4,444,613.10	100%	
Mechanical and Equipment												
Consultants												
a. Project Management												
b. Capacity Development												
Others (Service Tax & Project Development Expenses)												
Sub total	10,319.31	10,319.31	100%		87,530.56	87,530.56	100%		4,444,613.10	4,444,613.10	100%	
Recurrent Costs												
Salaries												
Accommodation												
Equipment operation and Maintenance												
Others												
Sub total												
Financing Charges During Implementation												
Total Project Cost												



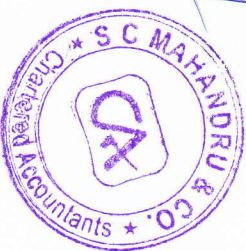
## Executing Agency – Chhattisgarh Rural Road Development Agency

## Rural Road Sector Investment Programme

Loan No.2881-IND

## EXPENDITURE BY OUTPUT COMPONENTS

	Unallocable Common Costs			Output 1			Total Expenditure			Rs. In '000
	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	
Investment Cost										
Civil Works	0.00	0.00	0.00	87,530.56	10,319.31	4,444,613.10	87,530.56	10,319.31	4,444,613.10	
Mechanical Equipment										
Consultants										
a. Project Management										
b. Capacity Development										
Others										
<b>Subtotal (A)</b>	0.00	0.00	0.00	87,530.56	10,319.31	4,444,613.10	87,530.56	10,319.31	4,444,613.10	
Recurrent Costs										
Salaries										
Accommodation										
Equipment operation and Maintenance										
Others										
<b>Subtotal (B)</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total Cost (C=A+B)</b>	0.00	0.00	0.00	87,530.56	10,319.31	4,444,613.10	87,530.56	10,319.31	4,444,613.10	
% Total Project Cost										





**MANAGEMENT ASSERTION LETTER**

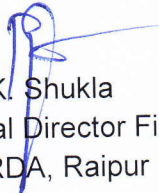
To,  
M/s S C Mahandru & Co.  
Chartered Accountants  
Park Street 1, Choubey Colony  
Raipur (C.G.)

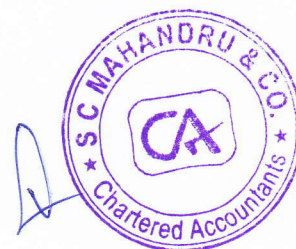
Date: 22.02.2020

This assertion letter is provided in connection with your audit of the financial statement of the **Rural Connectivity Investment Programme Tranche-1 Project financed under Asian Development Bank under Loan No. 2881-IND** for the year ended 31<sup>st</sup> March 2019. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Government of India, 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 funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under 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, the Project Appraisal Documents, the Minutes of Negotiations, and the Borrowers Project Implementation Plan.

  
Alok Katiyar  
Chief Executive Officer  
CGRRDA, Raipur

  
R. K. Shukla  
Additional Director Finance  
CGRRDA, Raipur





## MANAGEMENT LETTER

Date: February 22, 2020  
The Chief Executive Officer,  
Chhattisgarh Rural Road Development Agency,  
PradhanMantri Gram SadakYojana,  
VikasBhawan, Civil Lines, Raipur,  
Chhattisgarh.

Sir,

### Statutory Audit of ADB Loan No. -2881-IND for the year ended 31<sup>st</sup> March 2019

We have conducted the audit of the financial statements of ADB LOAN NO. 2881-IND as at 31<sup>st</sup> March 2019. We familiarized ourselves with project documents, the internal guidelines and circulars applicable during this period under review. We also reviewed the business of the project and evaluated the accounting systems and related controls of the project in order to plan and perform our audit.

Our audit was conducted in accordance with the Standards on auditing issued by the Institute of Chartered Accountants 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The responsibility of the management, inter alia, includes the maintenance of adequate accounting records and internal controls for safeguarding of the assets of the Organization and for preventing and detecting fraud or other irregularities.

In terms of "Standards on Auditing SA 265 "Communicating deficiencies in internal control to those charged with governance and management" issued by the Institute of Chartered Accountants of India, the purpose of this letter is to communicate appropriately with those charged with governance and management deficiencies in internal control that we have identified during our audit and that in our professional judgment, are of sufficient importance and merit their respective attentions.



### **Our Audit Observations:**

1. During the course of audit we observed that, presently the agency maintained accounts in both Online Management, Monitoring and Accounting System (OMMAS) as well as manual system. But as informed to us at present there is no provision given in OMMAS for preparation of disbursement sheet for calculation of total expenditure, eligible expenditure & amount claimed. hence these data's are prepared manually.
- 2 During the course of audit we observed that, the agency never booked Finance Charges & Interest Charges against the Loan No. -2881-IND. The management said that they will collect the information from the State Government or MORD, who will give proper information on this. The same may be charged to the cost of projects.
3. During the course of audit we observed that, the agency never opened separate bank account for ADB hence we are unable to find out the Interest income on ADB deposits.

### **SOME SUGGESTION/ IMPROVEMENT NEEDED**

1. It is advisable to the management to get the Loan wise fund received statement from the MORD, so the actual amount of fund received from the Loan No. 2881-IND booked in the books properly.
2. As it is maintained in OMMAS software, so it is advisable to develop the software so that the software itself generate separate eligible amount of expenditure.

**Place: RAIPUR (C.G.)**

**Date: 22.02.2020**

**UDIN: 20424451AAAAAT9824**

**For, M/s S C Mahandru & Co.  
Chartered Accountants**

**Firm Regn No. 001695C**



**(CA VikasGolchha)**

**Partner**

**M.No. 424451**