

# Audited Project Financial Statements

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Project Number: 48226-004

Loan Number: 3703

Period covered: 1 April 2018 to 31 March 2019

## India: Second Rural Connectivity Investment Program — Tranche 2

Prepared by Madhya Pradesh Rural Road Development Agency

For the Asian Development Bank

Date received by ADB: 15 October 2019

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 Rail Vikas Nigam Limited.

# **Borkar & Muzumdar**

Chartered Accountants

21/168, Anand Nagar, OMCHS.,

Anand Nagar Lane, off. Nehru Road,

Vakola, Santacruz (E) Mumbai

E-Mail:- [muzumdarborkar2@gmail.com](mailto:muzumdarborkar2@gmail.com)

## **INDEPENDENT AUDITORS REPORT**

To,  
The Members  
Madhya Pradesh Rural Road Development Authority  
Bhopal (M.P.)

### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of the **Project- Second Rural Connectivity Investment Programme (SRCIP) Project -II** financed under Asian Development Bank Loan No. 3703-IND, which comprise the Statement of Receipt and Payment, the Statement of Expenditure by category and Financier, the Statement of Disbursement and related notes for the year ended 31 March 2019.

These Financial Statements are the responsibility of project's Management. Our responsibility is to express an opinion on the accompanying financial statement based on our audit.

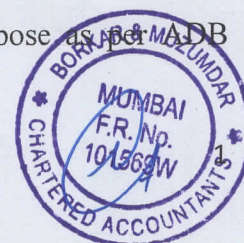
We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. Our audit examines, 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion the financial statements present fairly, in all material respect, the source and applications of funds of project for the year ended 31 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 purpose as per ADB Loan/project agreement.



(b) Financial covenants in the loan agreement number 3703 dated 5<sup>th</sup> October 2018 have been complied with.

(c) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred ;

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 State legislature.

**For: Borkar & Muzumdar**

Chartered Accountants

FRN: 101569W

**CA Namit Agrawal**

**M.No. 533747**

(Partner)



Place: Bhopal

Date: 12/10/2019

UDIN:- **19533747AAAAAR2193**



Annexure - 1


**Executing Agency - Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority**  
**Implementing Agency- Madhya Pradesh Rural Road Development Authority**  
**Project- Second Rural Connectivity Investment Programme (SRCIP ) Project -II**  
**Loan No.3703-IND**

**STATEMENT OF RECEIPTS AND PAYMENTS**  
**REPORT FOR THE YEAR ENDED 31 ST MARCH, 2019**

Particular	Note Reference	During the Current Year	During the Previous Year	In (INR)'000 Cumulative Project to Date
		For 12 Month Period	For 12 Month Period	As at (end of Current year)
<b>Opening Balance (A)</b>		2018-19	2017-18	
<b>Receipts</b>		3,577,400	-	
Funds received from Government (for ADB)	Note -4 of Annexure -4	572,500	3,577,400	4,149,900
Other Funds received from Government as State Share	Annexure -8 p	1,060,199	0	1,060,199
ADB Loan				
ADB Grant				
Co-Financier 1				
Co-Financier 2				
Beneficiary contribution (If any)				
Other receipts such as , interest Income, sale from disposal of fixed assets, etc				
<b>Total Receipts (B)</b>		<b>1,632,699</b>	<b>3,577,400</b>	<b>5,210,099</b>
<b>Total (C=A+B)</b>		<b>5,210,099</b>	<b>3,577,400</b>	<b>5,210,099</b>
<b>Payments</b>				
Investment Costs				
Civil works		5,210,099	0	5,210,099
Mechanical and Equipment				
Environment and Social Mitigation				
Consultants				
a. Project Management				
b. Capacity Development				
Refund of Funds to the Government, received on returnable basis	Annexure -8	0	0	0
<b>Subtotal (D)</b>		<b>5,210,099</b>	<b>0</b>	<b>5,210,099</b>
<b>Recurrent Costs</b>				
Salaries				
Accommodation				
Equipment Operation and Maintenance				
Others				
<b>Subtotal (E)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Payments</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing Charges During Implementation (F)</b>				
<b>Total Project Cost (G=D+E+F)</b>		<b>5,210,099</b>	<b>0</b>	<b>5,210,099</b>
<b>Closing Balance (C-G)</b>		<b>0</b>	<b>3,577,400</b>	<b>0</b>

For  
MPRRDA




  
**Mahendra Pal Singh Niranjana**  
**Chief General Manager (Fin.)**  
**M.P. Rural Road Development Authority**  
**BHOPAL**

For  
Chartered accountants

**Loan No. 3703-IND**

**Statement of Expenditure by Category & Financier**  
**Report for the year Ended 31 st March, 2019**

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Mahendra Pal Singh Nirajan  
Chief General Manager (Fin.)  
Chief Development Authority  
M.P. Rural Road Development  
BHOPAL



**Executing Agency - Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority**  
**Implementing Agency- Madhya Pradesh Rural Road Development Authority**  
**Project- Second Rural Connectivity Investment Programme (RCIP ) Project -II**  
**Loan No. 3703-IND**

**STATEMENT OF DISBURSEMENT**

**Report for the year Ended 31 st March, 2019**

Details of the disbursement by method are given below:

In (INR)'000

Statement of Disbursement	Note	Current Year	Previous Year	Cumulative Project to Date
<b>ADB Fund Claimed during the Year</b>				
Reimbursement Method				
SOE :		0	0	0
DOC :		0	0	0
Imprest Fund				
Direct Fund				
Commitment Letter				
<b>Subtotal</b>	(A)	0	0	0
<b>Total Expenditure made during the year</b>	(B)	5,210,099	0	5,210,099
Less:				
Expenditure not yet Claimed	(C)	2,076,746	0	2,076,746
Borrower's Share (60.14 GOI)	(D)	3,133,354	0	3,133,354
<b>Total Eligible Expenditure claimed (B-C-D=E=A)</b>	(E)	0	0	0



*(Signature)*  
**Mahendra Pal Singh Niranjan**  
**Chief General Manager (Fin.)**  
**M.P. Rural Road Development Authority**  
**BHOPAL**

## Notes to the Financial Statement for the year ended 31 March 2019

Name of Country: **India**Project: **SRCIP Project-II**Loan no. **3703 IND**Executing Agency- **Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority**Implementing Agency **Madhya Pradesh Rural Road Development Authority****PROJECT NATURE AND ACTIVITY**

- 1.1 The primary objective of PMGSY is to provide Connectivity, by way of an All-weather Road (with necessary culverts and cross-drainage structures, which is operable throughout the year), to the eligible unconnected Habitations in the rural areas with a population of 500 persons and above in Plain areas. In respect of the Hill States (North-East, Sikkim, Himachal Pradesh, Jammu & Kashmir and Uttarakhand), the Desert Areas (as identified in the Desert Development Programme), the Tribal areas (Schedule V) and Selected Tribal and Backward Districts (as identified by the Ministry of Home Affairs and Planning Commission)\* the objective would be to connect eligible unconnected Habitations with a population of 250 persons and above.

**1.2 Give legislative Framework**

The Project is being implemented in the state of Madhya Pradesh by the Government of Madhya Pradesh through the department of Panchayat and Rural Development. MPRRDA is the executing agency and it is registered under Madhya Pradesh society registration act 1973.

**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 number P-17024/08/2012-RC dated 30.07.2013. This refers to the cash basis of accounting applied with due regards to the General Financial Rules. PWD Codes, Treasury Codes and similar rules and codes are in the effect and applicable to the operation of the project

**3 .Significant accounting policies**

Significant accounting policies adopted in the presentation of accounts are as under:-

**3.1 Financial statement**

This Comprises of the statement of receipts and payments and the statement of expenditure by category and financier, the statement of disbursement and related notes and appendices to the financial statement.





### 3.2 Basis of measurement

Financial statement has been prepared under the historical cost convention and on cash Basis of accounting.

### 3.3 Change in accounting Policies

During the period of annual financial statement there is no change in accounting policies in the reported financial year.

### 3.4 Fund flow Mechanism

MPRRDA gets the Grants from the Government of India through the Annual Budgeted support for the Project. Funds are disbursed from the Government treasury. The total Cost of the project is funded by Grants from Government of India and ADB. Fund flow mechanism is controlled by EA and all Payments are done by Project Implementation Units (PIUs) of MPRRDA (EA).

### 3.5 Advance and other Receivables

The advance paid to civil contractor and consultants are treated as project expenditure and recoveries are affected through interim payment certificates/ Bills. ADB disburses the loan as per reimbursement procedures on such advances as eligible expenditure.

### 3.6 Cash and Cash equivalents

The project does not handle cash and cash equivalents.

### 3.7 Accrued and other Liabilities

Since project accounts are maintained on Cash basis accounting, no provision has been made for accruals and liabilities.

### 3.8 Income

MPRRDA is Non- Earning Government Society registered under the society act 1973 and comes under the Department of Panchayat and rural development of government of Madhya Pradesh. It's only source of Revenue is Grants received from the Government of India and Government of Madhya Pradesh. Hence there is no income to be recognized.

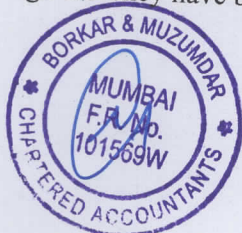
### 3.9 Foreign currency transactions and translation

#### 1) Functional and presentation currency

Items included in the financial statement of the project are measured using the currency of the primary economic environment in which the entity operates (the functionary currency) which is the Indian Rupees.

#### 2) Transactions and balances

No transactions in foreign currency have been effected.





### 3.10 Allocation of Common Costs

No Common Cost is allocated to different output/ activities.

### 3.11 Interest Expenses & Financial Charges

No financial Charges & interest have been allocated to the Project by MPRRDA.

### 4. Fund Received from the government

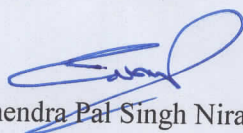
Particulars	IN ( INR) 000		
	Current Year	Prior Year	Cumulative Project to date
	2018-19	2017-18	
Government of India Funding	5,72,500	35,77,400	41,49,900
Total	5,72,500	35,77,400	41,49,900

### 5. Date of Authorization

These Financial statements have been authorized for issue by the management of Madhya Pradesh Rural Road Development authority on 10.10.2019.

- MPRRDA Submitted claims to ADB through NRRDA and NRRDA submitted these claims to ADB. The difference between the amount claimed by MPRRDA and the amount disbursed by ADB will be reconciled with NRRDA.
- Other funds received from Government on returnable basis are not specific budgetary allocations for this purpose but these funds are used out of Government funds available with MPRRDA. If ADB funds are available these funds are shown as returned. In case ADB funds are not available then Government funds are utilized.
- Loan number 3703 came into effect from 02-April -2019.
- In loan number 3703 for the year ending 31-March -2019 no expenditure was claimed by MPRRDA. Hence no amount was disbursed by ADB.

For MPRRDA



Mahendra Pal Singh Niranjana

CGM (F)



**Executing Agency - Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority**

**Implementing Agency- Madhya Pradesh Rural Road Development Authority**

**Project- Second Rural Connectivity Investment Programme (SRCIP ) Project -II**

**Loan No.3703-IND**


**Report for the year Ended 31 st March, 2019**

**Funds Received from ADB**

IN ( INR) 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		-	-	-
-By Imprest Account		-	-	-
-By Direct Payment		-	-	-
-By Commitment Procedure		-	-	-
-By Commitment Procedure		-	-	-
<b>ADB Loan Total</b>		-	-	-
ADB Grant		-	-	-
<b>ADB Loan and Grant Total</b>				

**NOTE : This Statement is prepared as per LFIS and above amount refers to the total fund disbursed by ADB during the year .**

  
**Mahendra Pal Singh Niranjan**  
**Chief General Manager (Fin.)**  
**M.P. Rural Road Development Authority**  
**BHOPAL**





Executing Agency - Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority

Implementing Agency- Madhya Pradesh Rural Road Development Authority

Project- Second Rural Connectivity Investment Programme (SRCIP ) Project -II

Loan No.3703-IND

Report for the year Ended 31 st March, 2019

Reconciliation of the Imprest Account and the bank Statement is given below

Statement of Imprest Account			In (INR)'000
	Prior Year	Current Year	
Balance brought forward from previous period			
Advance			
Replenishment received during the year/period			
Interest Earned			
<b>Subtotal (A)</b>			
<b>Deduct:</b>			
Payments made during the year/period			
Replenishment/Liquidation			
Expenditure yet to be claimed			
Amount refunded during the year/period			
<b>Closing balance</b>			
As per Bank Statement			

NOTE : This Statement is not applicable .

  
**Mahendra Pal Singh Niranjani**  
 Chief General Manager (Fin.)  
 M.P. Rural Road Development Authority  
 BHOPAL



**Loan No.3703-IND**

**Disbursement claimed under statement of expenditure (SOE) Procedure for the year Ending 31.03.2019**

6.6 Details of disbursement claimed under the statement of expenditure (SOE) Procedure are Given Below

IN ( INR) 000								
	SOE Sheet No	Category	Total Amount Paid	ADB Financing %	Net Eligible Expenses	Amount Reimbursed *	Imprest Fund Replenished/ Liquidated	Total Disbursement using SOE Procedure
W\A No	2	3	4	5	6	7	8	7+8=9
1								

\* During the current year no amount was claimed and disbursed .

  
Mahendra Pal Singh Nirajan  
Chief General Manager (Fin.)  
M.P. Rural Road Development Authority  
BHOPAL






Counterpart fund Received from Government of India for the year ending 31.03.2019

IN ( INR) 000

Particulars	Current Year 2018-19	Prior Year 2017-18	Cumulative Project to date	Refund of Temporary Fund Received From Government during the year	Cumulative Refund of Temporary Fund Received From Government	Net Amount Refundable To Government
	1	2	3	4	5	3-5=6
Other funds received from Government as State Share	1,060,199	-	1,060,199	-	-	1,060,199
	1,060,199	-	1,060,199		-	1,060,199

  
Mahendra Pal Singh Agrarian  
Chief General Manager (Fin.)  
M.P. Rural Road Development Authority  
BHOPAL



Executing Agency - Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority  
Implementing Agency- Madhya Pradesh Rural Road Development Authority  
Project- Second Rural Connectivity Investment Programme (RCIP ) Project -II  
Loan No.3703-INID

**STATEMENT OF APPROPRIATION VS ACTUAL FOR THE YEAR ENDED 31st March 2019**

COST CATEGORIES	For the current year ended 2018-19				For the Prior year ended 2017-18				Cumulative from (beginning of project) to year to date			
	BUDGETED	ACTUAL	UTILIZATION	VARIANCE	BUDGETED	ACTUAL	UTILIZATION	VARIANCE	BUDGETED	ACTUAL	UTILIZATION	VARIANCE
	EXPENDITURE	EXPENDITURE	PERCENTAGE		EXPENDITURE	EXPENDITURE	PERCENTAGE		EXPENDITURE	EXPENDITURE	PERCENTAGE	
Investments Costs												
Civil works	5,210,099	5,210,099	100	-	-	-	100		5,210,099	5,210,099	100	
Equipment												
Land acquisition and												
Resettlement												
Utility Shifting and												
Miscellaneous works												
Blackspot program												
Consulting services												
a. Construction supervision consultants												
b. Road planning and asset management support												
<b>SUBTOTAL</b>	5,210,099	5,210,099	100	-	-	-	100	-	5,210,099	5,210,099	100	-
Recurrent Costs												
Project Management												
<b>SUBTOTAL</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PAYMENTS</b>	5,210,099	5,210,099	100	-	-	-	100	-	5,210,099	5,210,099	100	-
Financing Charges During Implementation												
<b>Total Project Cost</b>	5,210,099	5,210,099	100	-	-	-	100	-	5,210,099	5,210,099	100	-
<b>Grand total of expenditure in USD(@72)</b>	72,362	72,362	100		-	-	100		72,362	72,362	100	

Mahendra Pratap Singh Niranian  
 Chief General Manager (Fin.)  
 M.P. Rural Road Development Authority  
 BHOPAL



In (INR),000



Annexure-10

Executing Agency - Govt. Of Madhya Pradesh & Madhya Pradesh Rural Road Development Authority

Implementing Agency- Madhya Pradesh Rural Road Development Authority

Project- Second Rural Connectivity Investment Programme (RCIP) Project - II

Loan No.3703-IND

Expenditure of Output components for the period 31.03.2019

COST CATEGORIES	OUTPUT 1			TOTAL EXPENDITURE	
	CURRENT YEAR	CUM TO DATE	PRIOR YEAR	CURRENT YEAR	END TO DATE
Investments Costs					
Civil works	5,210,099	5,210,099	-	5,210,099	5,210,099
Equipment					
Land acquisition and Resettlement					
Utility Shifting and Miscellaneous					
Blackspot program					
Consulting services					
a. Construction supervision					
b. Road planning and asset					
<b>SUBTOTAL</b>	5,210,099	5,210,099	-	5,210,099	5,210,099
Recurrent Costs					
Project Management					
<b>SUBTOTAL</b>	-	-	-	-	-
<b>TOTAL PAYMENTS</b>	5,210,099	5,210,099	-	5,210,099	5,210,099
Financing Charges During					
<b>Total Project Cost</b>	5,210,099	5,210,099	-	5,210,099	5,210,099
<b>Grand total of expenditure in USD(@72)</b>	72,362	72,362	-	72,362	72,362



**Dr. Sandra Pal Singh Niranjani**  
**Chief General Manager (Fin.)**  
**M.P. Rural Road Development Authority**  
**Bhopal**