

"JAI MATA DI"

**RAMA K GUPTA & CO.**  
**Chartered Accountants**



**Office :** 215, Diamond Trade Centre  
Indore – (M.P.) 452001

**Phone :** 0731-4033751

**Mobile:** 09977350199,

**e-mail :** ankuraca.2008@gmail.com

(Formerly known as Lulla Gupta & Co.)

## INDEPENDENT AUDITOR'S OPINION

To,  
**The Municipal Commissioner,  
Indore Municipal Corporation,  
Indore**

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying consolidated financial statements of **INDORE MUNICIPAL CORPORATION, INDORE**, which comprise the balance sheet as at March 31, 2019, and the Statement of Income & Expenditure and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the MPMAM in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2019, its Income & Expenditure and cash flows for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under double entry system of accounting under MPMAM. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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



## **Information other than the financial statements and auditors' report thereon**

The authorities of the corporation is responsible for the preparation of the other information. The other information comprises the information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's responsibility for the financial statements**

The authorities of the corporation are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted by the Corporation. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated.



in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

We report the following observations and discrepancies which we are giving in "**ANNEXED REPORT**" to be read every time with this Statutory Audit Report. Subject to above : we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of account as required by law have been kept and maintained by the Corporation so far as appears from our examination of such books and subject to the observations made below.

c) The Balance Sheet, the Statement of Income and Expenditure, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

d) We further report that –

We have obtained all the information and explanations knowledge and belief were necessary for the purposes of our audit.

In our opinion, proper books of account as required by law have been kept by the corporation so far as it appears from our examination;

(a) The Balance Sheet, the Statement of Income & Expenditure dealt with by this Report are in agreement with the books of account

(b) The audit has been undertaken according to the details provided and explanations given on all the financial and non financial matters and the detailed point during audit has been pointed in annexed report.



(c) In our opinion and to the best of our information and according to the explanations given to us:

i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.

For RAMA K GUPTA & CO.  
Chartered Accountants



CA ANKUR GUPTA  
(Partner)  
M. N. 429684  
Date: 22/08/2019  
Place: Indore  
UDIN : 19429684AAAAAF9279

## **Report on the Internal Financial Controls**

We have audited the internal financial controls over financial reporting of INDORE MUNICIPAL CORPORATION , INDORE as of 31 March 2019 in conjunction with our audit of the financial statements of the Corporation for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Corporation's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required. Though reliance has been placed on the M/s A.K. Surana & Co., Chartered Accountants who is Handholding Consultants and prepared the Annual Financial Statements of the Indore Municipal Corporation.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of



internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Corporation's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Corporation's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorisations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and reliance placed on the M/s A.K. Surana & Co., Chartered Accountants who is Handholding Consultants and prepared the Annual Financial Statements of the Indore Municipal Corporation for the audited year, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based



on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For RAMA K GUPTA & CO.  
Chartered Accountants



CA ANKUR GUPTA  
(Partner)

M. N. 429684

Date: 22/08/2019

Place: Indore

UDIN : 19429684AAAAAF9279



# INDORE MUNICIPAL CORPORATION

## BALANCE SHEET

(AS AT 31 MARCH 2019)



(Amount in Rupees)

| Particulars   |  | Schedule No. |                 | Current Year           | Previous Year          |
|---|--|--------------|-----------------|------------------------|------------------------|
| <b>A SOURCES OF FUNDS</b>                                 |  |              |                 |                        |                        |
| <b>A1 Reserves and Surplus</b>                            |  |              |                 |                        |                        |
|   | Municipal (General) Fund   | B-1          | 17,75,14,93,513 |                        | 16,02,72,52,282        |
|   | Earmarked Funds  | B-2          | 46,00,29,462    |                        | 44,61,78,688           |
|   | Reserves   | B-3          | 20,84,77,95,527 |                        | 15,73,48,71,383        |
|   | <b>Total Reserves and Surplus</b>                                |              |                 | <b>39,05,93,18,501</b> | <b>32,20,83,02,353</b> |
| <b>A2 Grants, Contributions for Specific Purpose</b>      |  | B-4          |                 | <b>3,73,71,67,483</b>  | <b>3,70,22,08,891</b>  |
| <b>A3 Loans</b>   |  |              |                 |                        |                        |
|   | Secured Loan   | B-5          | 1,52,72,47,636  |                        | 22,00,35,568           |
|   | Unsecured Loans  | B-6          | 2,32,95,41,565  |                        | 2,62,74,63,352         |
|   | <b>Total Loans</b>   |              |                 | <b>3,85,67,89,201</b>  | <b>2,84,74,98,920</b>  |
| <b>TOTAL OF SOURCES OF FUNDS [A1-A3]</b>                  |  |              |                 | <b>46,65,32,75,186</b> | <b>38,75,80,10,163</b> |
| <b>B APPLICATION OF FUNDS</b>                             |  |              |                 |                        |                        |
| <b>B1 Fixed Assets</b>                                    |  |              |                 |                        |                        |
| (including Statues and Heritage Assets)                   |  |              |                 |                        |                        |
|   | Gross Block  | B-11         | 37,57,84,00,055 |                        | 33,34,85,28,681        |
|   | Less: Accumulated Depreciation                                   |              | 17,65,98,72,536 |                        | 15,39,86,88,524        |
|   | Net Block  |              |                 | 19,91,85,27,519        | 17,94,98,40,157        |
|   | Capital Work-in-Progress   |              |                 | 14,45,07,33,552        | 9,68,19,67,016         |
|   |  |              |                 | <b>34,36,92,61,071</b> | <b>27,63,18,07,173</b> |
| <b>B2 Investments</b>                                     |  |              |                 |                        |                        |
|   | Investment - General Fund  | B-12         |                 | 2,12,50,30,674         | 71,13,04,287           |
|   | Investment - Other Fund  | B-13         |                 | 42,45,45,878           | 22,13,26,391           |
|   | <b>Total Investments</b>   |              |                 | <b>2,54,95,76,552</b>  | <b>93,26,30,678</b>    |
| <b>B3 Current Assets, Loans &amp; Advances :</b>          |  |              |                 |                        |                        |
|   | Stock in Hand (Inventories)                                      | B-14         |                 | 7,05,10,721            | 4,77,86,915            |
|   | <b>Sundry Debtors (Receivables) :</b>                            | B-15         |                 |                        |                        |
|   | Gross Amount Outstanding   |              | 16,41,31,67,026 |                        | 13,61,55,19,263        |
|   | Less: Accumulated Provision against bad and doubtful receivables |              | 8,01,57,99,905  | 8,39,73,67,121         | 7,21,53,25,408         |
|   | Prepaid Expenses   | B-16         |                 | 86,10,337              | 1,53,17,536            |
|   | Cash and Bank Balances   | B-17         |                 | 3,48,00,66,598         | 3,48,30,07,761         |
|   | Loans, Advances and Deposits                                     | B-18         |                 | 4,52,47,03,422         | 4,60,70,95,721         |
|   | <b>Total Current Assets</b>                                      |              |                 | <b>16,48,12,58,199</b> | <b>14,55,34,01,789</b> |
| <b>B4 Current Liabilities and Provisions</b>              |  |              |                 |                        |                        |
|   | Deposits Received  | B-7          |                 | 1,54,46,13,254         | 1,15,10,49,885         |
|   | Deposit Works  | B-8          |                 | 13,53,36,700           | 11,20,00,410           |
|   | Other Liabilities (Sundry Creditors)                             | B-9          |                 | 5,01,53,03,561         | 3,03,45,20,260         |
|   | Provisions   | B-10         |                 | 7,04,01,342            | 7,46,95,514            |
|   | <b>Total Current Liabilities</b>                                 |              |                 | <b>6,76,56,54,857</b>  | <b>4,37,22,66,069</b>  |
|   | <b>Net Current Assets (B3-B4)</b>                                |              |                 | <b>9,71,56,03,342</b>  | <b>10,18,11,35,720</b> |
| <b>C Other Assets</b>                                     |  |              |                 |                        |                        |
|   | Miscellaneous Expenditure (to the extent not written off)        | B-19         |                 | 1,88,34,221            | 1,24,36,592            |
| <b>D</b>  |  |              |                 |                        |                        |
|   |  | B-20         |                 | -                      | -                      |
| <b>TOTAL OF APPLICATION OF FUNDS [B1+B2+B3+B4+B5+C+D]</b> |  |              |                 | <b>46,65,32,75,186</b> | <b>38,75,80,10,163</b> |

Notes to the Balance Sheet and Significant Accounting Policies

B-21

Note: The Schedules referred to above are an integral part of the Balance Sheet.

  
Commissioner  
Indore Municipal Corporation

  
Additional Commissioner - Finance  
Indore Municipal Corporation

As per our Report of Even Date annexed

For: RAMA K GUPTA & CO.  
Chartered Accountants

A. K. Surana & Associates  
Handholding Consultants

ANKUR GUPTA  
(Partner)

UDIN : 19429684AAAAAF9279



Place : Indore  
Date : 22/08/2019

**INDORE MUNICIPAL CORPORATION**  
**INCOME AND EXPENDITURE STATEMENT**  
**(FOR THE PERIOD FROM 1 APRIL, 2018 TO 31ST MARCH, 2019)**



(Amount in Rs.)

|          | Item / Head of Account   | Schedule No | Amount For the year 2018-19 (Rs.) | Amount For the year 2017-18 (Rs.) |
|----------|--|-------------|-----------------------------------|-----------------------------------|
| <b>A</b> | <b>INCOME</b>  |             |                                   |                                   |
|          | Tax Revenue  | IE-1        | 4,80,89,62,594                    | 4,54,98,65,331                    |
|          | Assigned Revenues & Compensation   | IE-2        | 6,95,96,56,315                    | 6,39,11,89,534                    |
|          | Rental Income from Municipal Properties  | IE-3        | 7,08,23,965                       | 4,92,40,464                       |
|          | Fees & User Charges  | IE-4        | 2,10,44,66,158                    | 1,69,41,22,083                    |
|          | Sales & Hire Charges   | IE-5        | 1,78,43,314                       | 3,75,79,614                       |
|          | Revenue Grants, Contributions & Subsidies  | IE-6        | 2,15,33,66,096                    | 1,79,23,97,203                    |
|          | Income from Investments  | IE-7        | 7,85,05,845                       | 2,03,22,467                       |
|          | Interest Earned  | IE-8        | 9,20,12,451                       | 7,47,08,727                       |
|          | Other Income   | IE-9        | 56,23,35,679                      | 55,51,03,353                      |
|          | <b>Total - INCOME</b>  |             | <b>16,84,79,72,417</b>            | <b>15,16,45,28,775</b>            |
| <b>B</b> | <b>EXPENDITURE</b>   |             |                                   |                                   |
|          | Establishment Expenses   | IE-10       | 3,48,47,00,215                    | 3,10,93,70,279                    |
|          | Administrative Expenses  | IE-11       | 67,27,53,838                      | 57,02,94,180                      |
|          | Operations & Maintenance   | IE-12       | 4,51,22,80,622                    | 4,39,19,69,314                    |
|          | Interest & Finance Expenses  | IE-13       | 30,10,05,418                      | 32,02,58,453                      |
|          | Programme Expenses   | IE-14       | 6,79,30,885                       | 5,15,04,468                       |
|          | Revenue Grants, Contributions & Subsidies  | IE-15       | 59,46,68,632                      | 49,05,01,723                      |
|          | Provisions & Write off   | IE-16       | 1,31,18,47,806                    | 60,04,33,559                      |
|          | Miscellaneous Expenses   | IE-17       | 7,50,11,711                       | 5,51,53,565                       |
|          | Depreciation   |             | 2,26,11,84,012                    | 1,93,73,95,835                    |
|          | <b>Total - EXPENDITURE</b>   |             | <b>13,28,13,83,138</b>            | <b>11,52,68,81,377</b>            |
| <b>C</b> | Gross Surplus / (Deficit) of Income over Expenditure before Prior Period Items (A-R) |             | <b>3,56,65,89,279</b>             | <b>3,63,76,47,398</b>             |
| <b>D</b> | Add/Less: Prior Period Items (Net)   | IE-18       | -                                 | -                                 |
| <b>E</b> | Gross Surplus / (Deficit) of Income over Expenditure after Prior Period Items (C-D)  |             | <b>3,56,65,89,279</b>             | <b>3,63,76,47,398</b>             |
| <b>F</b> | Less: Transfer to Reserve Funds  |             | 80,57,55,922                      | 72,57,19,711                      |
| <b>H</b> | <b>Net Balance being Surplus / (deficit) carried over to Municipal Fund (E-F-G)</b>  |             | <b>2,76,08,33,357</b>             | <b>2,91,19,27,687</b>             |

  
**Commissioner**  
 Indore Municipal Corporation

  
**Additional Commissioner**  
 Indore Municipal Corporation

As per our Report of Even Date annexed

For : RAMA K GUPTA & CO.  
 Chartered Accountants

**A. K. Surana & Associates**  
 Handholding Consultants

**ANKUR GUPTA**  
 (Partner)

UDIN : 19429684AAAAAF9279



Place : Indore  
 Date : 22/08/2019