

# Deloitte Haskins & Sells

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**Independent Auditors' Report  
To  
The Project Management Unit (PMU),  
National Dairy Support Project,  
National Dairy Development Board.**

## **Report on the Statement**

We have audited the accompanying Sources and Application of Funds Statement ("the Statement") of **National Dairy Support Project ("the Project" or "NDSP")**, Significant Accounting Policies and the other explanatory information.

## **PMU's Responsibility for the Statements**

The Project Management Unit of NDSP is responsible for the preparation of this Statement in accordance with the requirements of Project Implementation Plan. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement that give a true and fair view and is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on this Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risks assessments, the auditor considers the internal controls relevant to the project's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NDSP's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the NDSP Management, as well as evaluating the overall presentation of the Statement.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Sources and Application of Funds Statement, read with Emphasis of Matter paragraph, arising from transactions of the Project Management Unit of National Dairy Support Project for the year ended March 31, 2013 accounted on cash basis as described in Note 4.1, is prepared, in all material respects, in accordance with the Project Implementation Plan.

*Bye*

# Deloitte Haskins & Sells

## Emphasis of Matter

It is the policy of the Project to prepare its Sources and Application of Funds Statement on the cash receipts and disbursements basis. On this basis, Sources of Fund and the related assets are recognized when received rather than when earned, and Applications of Fund are recognized when paid rather than when the obligation is incurred.

Our opinion is not qualified in respect of this matter.

## Other Reporting Matters

We report as under to the best of our knowledge and according to the information and explanation given to us;

- (a) the Project funds are utilized for the purposes for which they were intended;
- (b) expenditures shown in the Project Financial Statements are eligible for financing under the legal agreement, are recorded in the books of account of Project Management Unit and no other sources of funds have been received by Project Management Unit for incurring these expenditures;
- (c) the Interim Unaudited Financial Reports submitted during the period under audit are supported by adequate detailed documentation maintained by Project Management Unit to support claims to the World Bank for reimbursement of expenditure incurred;
- (d) the accounting, and internal control system underlying the project, including material compliance with the Project Implementation Plan and Financial Management Handbook, oversight of the project funds were adequate and maintained throughout the audit period

## Other Matter

The figures for the previous period ended on March 31, 2012 in the Statement are not audited by us.

For **Deloitte Haskins and Sells**  
Chartered Accountants  
Firm Regn. No. 117366W

Kalpesh J. Mehta  
Partner

Place: Mumbai  
Date: September 25, 2013

Membership No. 48791



**National Dairy Support Project**  
**(National Dairy Plan Phase I) (Cr No. 5074-IN)**  
**Project Management Unit, National Dairy Development Board**

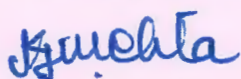
**Sources & Application of Funds**  
**as at 31st March, 2013**

Particulars	Annex	Rs. in Million	
		31.03.2013	31.03.2012
<b>Sources of Funds</b>			
Funds Received from Government of India	I	1,270.00	40.00
Interest earned		10.97	0.00
Sundry creditors		0.00	0.01
Earnest money		0.50	0.00
Tender fee		0.01	0.00
Security deposit		0.06	0.00
<b>Total Sources of Funds</b>		<b>1,281.54</b>	<b>40.01</b>
<b>Application of Funds</b>			
<b>Grants to End Implementing Agencies &amp; Centralised expenditure</b>			
Component A - Productivity enhancement	II	20.42	0.00
Sub Component A 1 -Animal Breed Improvement			
Bull Production		10.76	0.00
Sub Component A 2 - Animal Nutrition			
Ration Balancing Program		7.98	0.00
Fodder Development		1.68	0.00
Component B - Village based milk procurement systems		0.87	0.00
Component C - Project Management and Learning		13.98	0.00
<b>Total Grants &amp; Centralised expenditure</b>		<b>35.27</b>	<b>0.00</b>
<b>Closing Balance with:</b>			
In Bank accounts		(32.16)	40.01
Fixed deposits with Bank		540.00	0.00
End Implementing Agencies	III	738.43	0.00
<b>Total Application of Funds</b>		<b>1,281.54</b>	<b>40.01</b>

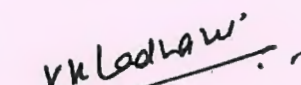
The accompanying Notes are integral part of this Statement.

In terms of our report of even date attached  
For Delloitte Haskins & Sells  
Chartered Accountants

On behalf of Project Management Unit  
National Dairy Support Project



Kalpesh J. Mehta  
Partner  
Membership No. 48791  
Mumbai, 25 September 2013

  
Vinod K. Ladhani  
Deputy General Manager  
PMU (Accounts)

  
Aditya Nath Jha  
General Manager (PMU)

  
Dilip Rath  
Mission Director

Anand, 25 September 2013



**National Dairy Support Project**  
**(National Dairy Plan Phase I) (Cr No. 5074-IN)**  
**Project Management Unit, National Dairy Development Board**

**Annex-I Grants from Government of India**

Funds	Amount ( Rs. in Million)	
	31.03.2013	31.03.2012
Balance as per last Sources & Application of Funds	40.00	0.00
Add: Funds received during the year	1,230.00	40.00
<b>Total</b>	<b>1,270.00</b>	<b>40.00</b>

**Annex II Grants to End Implementing agencies**

Name of End Implementing Agency	31.03.2013	
	Amount (Rs. in Million)	
<b>Component A-Productivity Enhancement</b>	<b>20.42</b>	
<b>Sub-Component A 1 - Animal Breed Improvement</b>		
Banaskantha District Cooperative Milk Producers' Union Ltd. Palanpur	1.85	
Karnataka Coopertaive Milk Producers' Federation Ltd. Bengaluru	3.81	
Mehsana District Cooperative Milk Producers' Union Ltd. Mehsana	1.29	
Sabarmati Ashram Gaushala, Bidaj	2.05	
Tamilnadu Cooperative Milk Producers' Federation Ltd. Chennai	1.76	
Sub-total	10.76	
<b>Sub-Component A 2 - Animal Nutrition-Ration Balancing programme</b>		
Banaskantha District Cooperative Milk Producers' Union Ltd. Palanpur	1.80	
Bengaluru Urban Bengaluru Rural and Ramanagar District Cooperative Milk Producers' Union Ltd. Bengaluru	0.52	
Kolar-Chikkaballapura District Cooperative Milk Producers' Societies Union Ltd. Kolar	0.42	
Kolhapur Zilla Sahakari Dudh Utapadak Sangh Limited, Kolhapur	3.04	
Lucknow Producers' Cooperative Milk Union Limited, Lucknow	0.52	
Ludhiana District Cooperative Milk Producers' Union Limited, Ludhiana	0.23	
Mehsana District Co-operative Milk Producers' Union Limited, Mehsana	0.69	
Ropar District Cooperative Milk Producers' Union Limited, Chandigarh	0.42	
Sabarkantha District Cooperative Milk Producers' Union Limited, Himmat Nagar	0.17	
Surat District Cooperative Milk Producers' Union Limited, Surat	0.17	
Sub-total	7.98	
<b>Sub-Component A 2-Animal Nutrition - Fodder Development</b>		
Doaba Cooperative Milk Producers' Union Limited, Jalandhar	0.13	
Kolar-Chikkaballapura District Cooperative Milk Producers' Societies Union Ltd. Kolar	0.72	
Ropar District Cooperative Milk Producers' Union Limited, Chandigarh	0.30	
Kolhapur Zilla Sahakari Dudh Utapadak Sangh Limited, Kolhapur	0.13	
Lucknow Producers' Cooperative Milk Union Limited, Lucknow	0.40	
Sub-total	1.68	
<b>Component B - Village based milk procurement systems</b>	<b>0.87</b>	
Aurangabad District Cooperative Milk Producers' Union Limited, Aurangabad	0.09	
Bengaluru Urban Bengaluru Rural and Ramanagar District Cooperative Milk Producers' Union Ltd. Bengaluru	0.11	
Jalgaon Zilha Sahakari Dudh Utapadak Sangh Maryadit, Jalgaon	0.01	
Kolar-Chikkaballapura District Cooperative Milk Producers' Societies Union Ltd. Kolar	0.15	
Lucknow Producers' Cooperative Milk Union Limited, Lucknow	0.06	
Ludhiana District Cooperative Milk producers' Union Ltd. Ludhiana	0.33	
Pune Zilha Sahakari Dudh Utapadak Prakriya Sangh Maryadit, Pune	0.08	
Ropar District Cooperative Milk Producers' Union Limited, Chandigarh	0.04	
<b>Component C -Project Management and Learning</b>	<b>13.98</b>	
<b>Grand Total</b>	<b>35.27</b>	

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**National Dairy Support Project  
(National Dairy Plan Phase I) (Cr No. 5074-IN)  
Project Management Unit, National Dairy Development Board**

**Annex III - Advances with End Implementing agencies**

**31.03.2013**

Name of End Implementing Agency	Amount (Rs. in Million)
Andhra Pradesh Livestock Development Agency, Hyderabad	32.18
Animal Breeding Centre Salon	30.34
Aurangabad District Cooperative Milk Producers' Union Limited, Aurangabad	2.15
Banaskantha District Co-operative Milk Producers' Union Limited, Palanpur	22.23
Baramati Taluka Sahakari Doodh Utapadak Sangh Maryadit, Baramati	2.38
Bengaluru Urban Bengaluru Rural and Ramanagar District Cooperative Milk Producers' Union Ltd. Bengaluru	11.22
Bhagirathi Cooperative Milk Producers' Union Limited, Murshidabad	1.64
Bhopal sahakari DugdhaSangh Maryadit , Bhopal	11.22
Cuttack Cooperative Milk Producers' Union Limited, Cuttuck	3.73
Doaba Cooperative Milk Producers' Union Limited, Jalandhar	0.88
Guntur District Milk Producers' Mutually Aided Cooperative Union Limited Vadlamudi	10.61
Hassan Cooperative Milk Producers' Societies Union Limited, Hassan	2.49
Jalgaon Zilha Sahakari Dudh Utapadak Sangh Maryadit, Jalgaon	6.15
Karnataka Coopertaive Milk Producers' Federation Ltd. Bengaluru	5.19
Kolar-Chikkaballapura District Cooperative Milk Producers' Union Ltd. Kolar	23.10
Kolhapur Zilla Sahakari Dudh Utapadak Sangh Limited, Kolhapur	1.14
Krishna District Milk Producers' Mutually Aided Cooperative Union Limited Vijaywada	17.88
Lucknow Producers' Cooperative Milk Union Limited, Lucknow	8.58
Ludhiana District Cooperative Milk Producers' Union Limited, Ludhiana	12.54
Malabar Regional Cooperative Milk Producers' Union Limited, Kozhikode	8.67
Mandya District Cooperative Milk Producers' Societies Union Limited, Mandya	15.41
Mehsana District Co-operative Milk Producers' Union Limited, Mehsana	49.91
Mysore-Chamarajanagar District Cooperative Milk Producers' Societies Union Limited, Mysore	21.90
Panchmahals District Cooperative Milk Producers' Union Limited, Godhra	19.74
Paschim Banga Go-Sampad Bikash Sanstha, Haringhata	13.50
Pune Zilha Sahakari Dudh Utapadak Prakriya Sangh Maryadit, Pune	10.04
Punjab Livestock Development Board, Chandigarh	67.30
Rajaram bapu Patil Sahakari Dudh Sangh Limited, Walwa	11.41
Ropar District Cooperative Milk Producers' Union Limited, Chandigarh	12.33
Sabarkantha District Cooperative Milk Producers' Union Limited, Himmat Nagar	8.94
Sabarmati Ashram Gaushala, Bidaj	166.95
Sri Ganga Nagar Zila Dugdha Utpadak Sahakari Sangh Limited, Hanumangarh	53.47
Solapur Zilla Sahakari Dudh Utapadak Va Prakriya Sangh Maryadit, Solapur	0.99
Surat District Cooperative Milk Producers' Union Limited, Surat	7.52
Tamilnadu Cooperative Milk Producers' Federation Ltd. Chennai	24.54
Tamilnadu Livestock Development Agency, Chennai	11.42
Thiruvanthapuram Regional Cooperative Milk Producers' Union Limited, Thruvananthapuram	7.99
Tumkur Cooperative Milk Producers' Societies Union Limited, Tumkur	14.25
Urmul Rural Health Research and Development Trust, Bikaner	6.50
<b>Total</b>	<b>738.43</b>





**National Dairy Support Project**  
**(National Dairy Plan Phase I) (Cr No. 5074-In)**  
**Project Management Unit, National Dairy Development Board**

**Notes Forming Part of Statement of Sources and Application of Funds**

1. National Dairy Support Project (NDSP) / National Dairy Plan Phase I (NDP-I) is a Central Sector Scheme implemented through a line of credit from International Development Association (IDA) for a period of six years from Financial Year 2011-12 to 2016-17. The total outlay of the Plan is Rs. 2,242 Crore comprising of, Rs. 1,584 Crore as IDA credit, Rs. 176 Crore as Government of India ("GOI") share, Rs. 282 Crore as share of End Implementing Agencies (EIAs) and Rs. 200 Crore by National Dairy Development Board (NDDB) and its subsidiaries by way of technical and implementation support.

The Project's Development Objective is to help increase the productivity of milch animals and thereby increase the milk production to meet the rapidly growing demand for milk and to help provide rural milk producers with greater access to organised milk-processing sector in project areas.

2. The funds for the project flow from the budget of Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India (GOI) to the Project Management Unit (PMU) in NDDB as grant-in-aid for onward distribution to the EIAs. A separate bank account for receipt of funds and also separate project accounts are being maintained for NDSP/NDP-I funds as stipulated in the administrative approval issued by the GOI.

3. NDP-I was initiated during the financial year 2011-12 vide administrative approval no. 22-23/2011/DP dated 16 March 2012 of DADF, Ministry of Agriculture, GOI. The first tranche of funds for NDSP was received on 31<sup>st</sup> March, 2012. As there was no expenditure during the period ended March 31, 2012, the books of accounts were not got audited for the period ended March 31, 2012.

4. The policies mentioned hereunder are adopted in the preparation of Sources and Application of Funds statement (the "Statement").

4.1 The statement is prepared on cash basis, recognized based upon the utilization statements submitted under Historical Cost convention and generally accepted accounting practices and standards in India.



4.2 The expenditure shown in the statement includes expenditure incurred on implementation of the approved sub projects including the fixed assets purchased/acquired and related employee costs of the project.

5. The Figures for the previous year period ended as 31<sup>st</sup> March 2012 in the statement are not audited by Independent auditors.

**For Deloitte  
Haskins & Sells**

**Chartered  
Accountants**

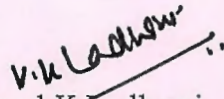


Kalpesh J. Mehta  
Partner  
Membership No.  
48791  
Mumbai

September **25**, 2013

**On behalf of Project Management Unit**


**National Dairy Support Project**



Vinod K. Ladhani  
Dy. General Manager  
(PMU - Accounts)

Anand, Gujarat

September **25**, 2013



Aditya Nath Jha  
General Manager  
(PMU)



Dilip Rath  
Mission Director