

INTERNAL AUDIT REPORT

Audit Project: State of Maharashtra Agribusiness and Rural Transformation Project (SMART)
Audit Entity: Rajaratna Farmer Producer Company Limited
Location: AT. DATTASAI APARTMENT (CHAVHANWADI), TAL. RAJAPUR, DIST. Ratnagiri



Part One

Sr.No.	Particulars	Yes Or No	Details
1	Name of CBO	Yes <input checked="" type="checkbox"/>	Rajaratna Farmer Producer Company Limited
2	Address of CBO	Yes <input checked="" type="checkbox"/>	AT. DATTASAI APARTMENT (CHAVHANWADI), TAL. RAJAPUR, DIST. Ratnagiri
2.1	Name of CBO Contact person	No <input type="checkbox"/>	
2.2	Contact number	No <input type="checkbox"/>	
2.3	Email Id	No <input type="checkbox"/>	
2.4	Name of the members of Audit team visited	No <input type="checkbox"/>	
2.5	UDIN Number	Yes <input checked="" type="checkbox"/>	25513618BMOYEZ8608
2.6	Date of UDIN Number	Yes <input checked="" type="checkbox"/>	Wed Jul 30 2025 00:00:00 GMT+0530 (India Standard Time)
3	Date of sub-project proposal sanction intimation by Project	Yes <input checked="" type="checkbox"/>	02/04/2023
4	Date of visit for audit	Yes <input checked="" type="checkbox"/>	Wed May 14 2025 00:00:00 GMT+0530 (India Standard Time)
5	Date of Discussion on Compliance with CBO & DIU regarding Audit paras	Yes <input checked="" type="checkbox"/>	14/05/2025
6	Date of Grant Agreement	Yes <input checked="" type="checkbox"/>	25/10/2023
7	Sub-project proposal cost as per Grant Agreement	Yes <input checked="" type="checkbox"/>	Rs. 81.99 Lakhs
8	Loan Amount sanctioned	Yes <input checked="" type="checkbox"/>	Rs. 28.00 Lakhs
9	Name of the Bank from whom Loan taken	Yes <input checked="" type="checkbox"/>	Bank of Maharashtra
10	Date of first loan disbursement	Yes <input checked="" type="checkbox"/>	04/01/2024
11	As on report amount of loan disbursed	Yes <input checked="" type="checkbox"/>	Rs. 20.00 Lakhs Note: The Loan Statement presented to us was updated till March 3, 2025
12	Number of tranches released	Yes <input checked="" type="checkbox"/>	2
13	Total expenditure incurred till date by CBO	Yes <input checked="" type="checkbox"/>	Rs. 51.90 Lakhs (Refer the Annexure 5 for details)

Part Two

Sr.No.	Particulars Area	Sub Question	Observation	Supporting Documents C1
1	Loan transactions (if CBO has opted for Loan case)	a. How much loan has been taken for the sub-project proposal activity?	Rs. 28.00 Lakhs	
		b. Whether utilisation of loan is used for the sub-project proposal activity?		Yes
		c. Whether Bank Loan statement has been provided and verified?		Yes
		d. Whether CBO has paid EMI/Interest on loan through SMART Grant and not through personal account?	Yes, CBO has paid EMI/Interest on loan through SMART Bank Account. Kindly refer Annexure 3 for details	
		a. Whether grants are utilised for sub-project proposal activity?	Yes subject to Annexure 3	

2	Grants transactions	b. Whether Utilisation Certificate is issued by CBO's CA and has been verified?	Yes, however, the UC presented to us was not updated till the date of audit visit.
		c. Whether grant/tranche are released as per the applicable guidelines?	Yes
		D. whether bank has applied debit freeze to SMART Dedicated Bank	
3	Procurement procedure & documentation	a. Whether CBO has followed World Bank/State Procurement policy for Procurement?	Yes, subject to Annexure 4
		b. Whether proper documentation required in different procurement methods has been maintained as per procurement manual and World Bank regulations?	Yes, subject to Annexure 4
		c. Whether the various minutes of the procurement committee referred by auditor? Any discrepancy found in procurement procedure is to be reported.	Yes, subject to Annexure 4
		d. Whether bill payments to vendor has been processed as per the stage of completion?	Yes, subject to Annexure 4
		e. Whether CBO has purchased the same goods/machinery/works etc as approved in the SPAC and as per grant agreement.	Yes, subject to Annexure 4
4	Vendor payments	a. Whether payments are approved by the CBO's authorised person and as per work order issued?	Yes, subject to the below Annexures
		b. Whether all vendor agreements and contracts are documented?	Yes, subject to the below Annexures
		c. Whether payments are made through E-pay Slip/Cheque as specified in the grant agreement.	Yes, subject to the below Annexures
5	Tax and other deductions	a. Whether statutory payment has been deposited on or before due dates?	Yes, subject to Annexure 2
		b. If Any delay, Whether CBO has cleared penalty dues from project fund?	Yes, subject to Annexure 2
		c. Whether proof of payment of statutory dues available for verification?	Yes, subject to Annexure 2
6	Whether vendor payments are on Pro-rata basis i.e. in ratio of Grants: Own Contribution: Loan amount	a. Whether e-pay slips are generated in project MIS system?	Yes
		b. Whether the vendor payment has been paid in ratio of grants and own contribution as per the e-pay slip?	
		c. The CBO has properly accounted their Books of Accounts?	Yes
7	Any other Irregularities as regards to project guidelines	a. Whether CBO has opened SMART dedicated bank account in branch as mentioned in the Grant Agreement?	Yes, subject to Annexure 3
		b. Whether sub-project expenditure is only incurred from the SMART dedicated bank account?	Yes
		c. Whether CBO has maintained the primary and secondary books of accounts and updated?	Yes
		d. Whether the project is being executed/constructed/installed/implemented on the address given in the lease agreement?	Yes
8	Whether pre-operative expenses are as per project guidelines	a. Whether pre operative expenses are duly certified in Utilisation Certificate by the CA and supported by the bills and other documents?	Based on the information & data presented to us, no operative expenses have been incurred by the CBO
		b. Whether 5% pre-operative expenses are within the limit mentioned in project sanction letter?	Based on the information & data presented to us, no operative expenses have been incurred by the CBO
		c. Whether 5% pre-operative expenses are necessary, reasonable and related to the sub-project proposal activity?	Based on the information & data presented to us, no operative expenses have been incurred by the CBO
9	Other audit remarks	a. Whether assets generated as per the sub-project proposal are physically verified?	Yes
		b. Any other issue not covered above or the auditor wants to highlight to the management.	NIL
		c. Whether any amount is recoverable from CBO regarding sub project proposal (Quantify the recovery amount)	
10	Any Suggestions		1. The statutory deduction should be paid and filed timely to avoid payment of interest and penalties. 2. Grants should be utilized for the intended purpose as specified in the grant agreement and as per the project guidelines. 3. All the documents should be documented and presented to the auditor during the audit field visit.
11	Add Complete Annexure file		

The figures and data provided in Section I & II above are based solely on the documents, information, and clarifications provided to us by the CBO.

For,

Partner

UDIN: 25513618BMOYEZ8608

Date: 2025-07-29T18:30:00.000Z

ANNEXURES:

Annexure 1: Deficiencies in Maintenance of Books of Accounts

SN	Books Type	Maintained (Yes/ No)	Maintained as per the Format Prescribed in FMM (Yes/No/NA)	Updated till 31-03-2025 (Yes/No/NA)
I. Financial Records				
Primary Books of Accounts				
1	Cash Book (Tally generated)	Yes	Yes	Yes
2	Bank Book (Tally generated)	Yes	Yes	Yes
3	General Ledger (Tally generated)	Yes	Yes	Yes
4	Bank Reconciliation Statement (BRS) (Tally generated)	Yes	Yes	Yes
5	Trial Balance (Tally generated)	Yes	Yes	Yes
6	Journal Register (Tally generated)	Yes	Yes	Yes
II. Secondary Books of Accounts/ Supporting Records				
7	Bill Register- Pending and paid	Yes	Yes	Yes
8	Cheque issue / bank draft issue register <i>(as per Annexure – A3)</i>	Yes	Yes	Yes
9	Advance Register <i>(as per Annexure – A1)</i>	Yes	Yes	Yes
10	Security Deposit Register <i>(as per Annexure – A6)</i>	Yes	Yes	Yes
11	Beneficiary Contribution Register <i>(as per Annexure – A7)</i>	Yes	Yes	Yes
12	Audit Compliance Register <i>(as per Annexure – A8)</i>	Yes	Yes	Yes
13	PFMS Print Payment Advice File	NA	NA	NA
III. Records to be Maintained by Administration Branch				
14	Consumable Stock Register <i>(as per Annexure- A2)</i>	Yes	Yes	Yes
15	Fixed Asset/ Dead Stock register <i>(as per Annexure- A4)</i>	Yes	Yes	Yes
16	Imprest Amount Register <i>(as per Annexure - A5)</i>	NA	NA	NA

Recommendation: It is recommended that the CBO provide adequate narration specifying the nature and purpose of each payment initiated. Additionally, the Bank Reconciliation Statement should be prepared in a timely manner to ensure alignment between the Books of Accounts and the bank balance.

Annexure 2: Statutory Compliances

Medium Risk						
It was observed that the TDS deducted for the months of February 2024 and April 2024, amounting to Rs. 8,468/- and Rs. 18,754/- respectively, was deposited with a delay upto 13 days. Further TDS return is pending for verification.						
Tax Deducted at Source:						
Month	Tax Deducted (In Rs.)	Due Date of Payment (DD/MM/YYYY)	Actual Payment Amount (In Rs.)	Actual Date of Payment (DD/MM/YYYY)	Delay in Deposit (In Days)	Short Deposit (In Rs.)
Feb-24	8,468	07/03/2024	8,468	14/03/2024	07 Days	NIL
Apr-24	18,754	07/05/2024	18,754	20/05/2024	13 Days	NIL
Jul-24	4,249	07/08/2024	4,249	05/07/2024	0	NIL
Apr-25	1,400	07/05/2024	1,400	11/04/2025	0	NIL
Total	32,871		32,871			
Impact: Non-filing and depositing statutory returns within the stipulated timeframe leads to the levy of fines and penalties.						
Recommendation: It is recommended that statutory details, returns and deposits should be done within the stipulated timeframe and presented to us for audit verification.						

Annexure 3: Other Aspects

High Risk

It was observed that amount of Rs. 2,04,322/- was transferred from the SMART Account (A/c No.: 60448057315) to the Loan Account (A/c No.: 60474773495) towards the repayment of EMI, CERSAI fees and processing & handling charges.

Details of Payment are as follows:

S.N.	Date of Transaction	Particulars	Amount (in Rs.)	Purpose
1	04/01/2024	Transfer to Loan A/c	51,212	Processing & Handling Charges
2	04/01/2024	Transfer to Loan A/c	590	CERSAI Fees
3	04/01/2024	Transfer to Loan A/c	590	CERSAI Fees
4	04/01/2024	Transfer to Loan A/c	5,900	Mortgage Charges
5	18/01/2025	Transfer to Loan A/c	9,800	Loan & Interest Repayment
6	05/02/2025	Transfer to Loan A/c	32,700	Loan & Interest Repayment
7	05/03/2025	Transfer to Loan A/c	46,300	Loan & Interest Repayment
8	25/03/2025	Transfer to Loan A/c	10,230	Loan & Interest Repayment
9	05/04/2025	Transfer to Loan A/c	47,000	Loan & Interest Repayment
Total			2,04,322	

It has been observed that an amount of Rs.20,51,020/- was transferred from the SMART-dedicated current account (A/c No. 60448057315), however, the nature and purpose along with the supporting documents are pending for verification.

Details of Payment are as follows:

S.N.	Date of Transaction	Particulars	Cheque No.	Amount (in Rs.)
1	14/03/2024	Transferred to CBO's	60205	51,020
2	10/01/2025	Personal Bank A/c	-	20,00,000
Total				20,51,020

It was observed that the Utilization Certificate and Expenditure Report presented to us were not updated till the date of audit visit.

Impact: The terms of the Grant Agreement, FMM and Grant Sanction Letter should be complied to ensure transparency and prevent non-compliance with project guidelines.

Recommendation: It is recommended that funds should be utilized for intended purpose as specified in the sub-project proposal cost of grant agreement to ensure proper utilization.

Annexure 4: Discrepancies in Compliance of Procurement Procedures and Record Keeping

Medium Risk

Observation 1: It was observed that contract of Rs. 44,99,165/- has been awarded to M/s. Dhansing Manu Chavan for construction of 150MT Godown & Work Shed, however, the following discrepancies were noticed:

Details of bidders are as follow:

SN	Name of the Bidders	Remarks
1	Dhansing Manu Chavan Construction	Qualified
2	Shahus Total Station Construction	Qualified
3	M.S. Techno built Construction	Qualified

- As per the technical evaluation, it was noted that tender fees were collected from all bidders, with physical copies of the receipts provided for verification. However, the corresponding entries for these tender fees were not reflected in the bank statements.
- As per the Letter of Acceptance dated November 20, 2023, the contractor was required to submit a Performance Security Deposit of Rs. 1,32,390/- in the form of a Bank Guarantee or Demand Draft within 15 days from the date of receipt of the letter, however, the contractor submitted the security deposit via cheque on December 12, 2023, resulting in a delay of 7 days i.e. beyond the stipulated timeline and inconsistent mode of payment.
- It was observed that the invoice presented for verification does not contain an invoice number.
- The completion certificate is dated May 13, 2025, however, the extension letter covering the period from September 11,

2024 to May 12, 2025 is pending verification.

Details of Payment are as under:

S.N.	Date of Transaction	Payment	Cheque No	Amount (in Rs.)
1	07/02/2024	Dhansing Manu Chavan	60202	9,08,221
2	22/04/2024	Dhansing Manu Chavan	60206	20,62,952
3	02/07/2024	Dhansing Manu Chavan	60209	4,67,406
Total				34,38,579

Impact: Non-compliance with the procurement manual & project guidelines marks the question on the whole procurement process. Non-maintenance or improper maintenance of required records/information marks questions on the client’s documentation mechanism and reliability of record maintenance.

Recommendations: It is recommended to ensure proper documentation mechanisms and to follow the process as per the FMM, procurement manual and WB regulations to avoid any non-compliance. And payment should be released to the vendors/contractors only upon receipt of bills and up to the extent of utilization in RA Bills.

Annexure 5: Grant Working

The below table is as per the figure mentioned in the Grant Agreement made available to us and Actual Cost Incurred mentioned as per record made available to us.

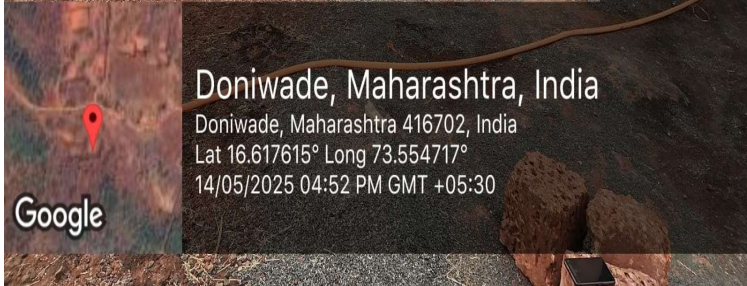
SN	Sub-Project Component	Cost (In Lakhs)	SMART Grant (In Lakhs)	CBO Equity (In Lakhs)	Actual Cost Incurred as per Bank Statement (In Lakhs)	Remarks
A)	Core Investment in Sub-Project Component					
1)	Unit Shed/Godown 150 MT	19.04	11.42	7.61	36.90	Partially Utilized
2)	Work Shed 150 SM	25.90	15.54	10.36		
3)	Machinery	30.00	18.00	12.00	15.00	Partially Utilized
4)	Solar Power	3.15	1.89	1.26	-	Not Utilized
	Sub-Total (A)	78.09	46.85	31.23	51.90	
B)	5% Operative Expenses	3.90	2.34	1.56	0	-
	Sub-Total (B)	3.90	2.34	1.56	0	
	Total (A+B)	81.99	49.19	32.79	51.90	

Note: An amount of Rs. 1.89 lakhs towards retention money for the civil work has been included in the above expenditure. The same amount has been utilized; however, the actual payment is pending and will be initiated by the CBO upon successful completion of the project.

Annexure 6: MCA Compliances

Master data		Index of Charges	Director/Signatory details	Print	Export	Document Related Services
Company Information						
CIN	U01403PN2015PTC155158					
Company Name	RAJRATNA FARMERS PRODUCER COMPANY LIMITED					
ROC Name	ROC Pune					
Registration Number	155158					
Date of Incorporation	25/05/2015					
Email Id	baigturuj54@gmail.com					
Registered Address	Chavanwadi, Rajapur, Ratnagiri, Ratnagiri, Maharashtra, India, 416702					
Address at which the books of account are to be maintained	-					
Listed in Stock Exchange(s) (Y/N)	No					
Category of Company	Company limited by shares					
Subcategory of the Company	Non-government company					
Class of Company	Private					
ACTIVE compliance	ACTIVE Compliant					
Authorised Capital (Rs)	10,00,000					
Paid up Capital (Rs)	4,40,000					
Date of last AGM	30/09/2024					
Date of Balance Sheet	31/03/2024					
Company Status	Active					
Jurisdiction						
ROC (name and office)	ROC Pune					
RD (name and Region)	RD, Western Region					

Annexure 7: Snapshot of Work Execution



Annexure 8: Utilization Certificate

TANAJI GADADE AND ASSOCIATES CHARTERED ACCOUNTANTS



31/03/2025

CBO Name : M/s Rajratna Farmers Producer Company Limited
District : Ratnagiri
Sub: Project proposal productive partnership amount approved- Rs 89.62 Lakhs

This is to certify that, M/s Rajratna Farmers Producer Company Limited, has received and utilized the funds as mentioned below in table

(Amount in Rupees)

Receipt			Payment			over & above project cost (100%)
Particulars	Grants (60%)	Own Contribution (40%)	Particulars	Grants (60%)	Own Contribution (40%)	
1st Tranch	24,60,000.00	20,00,000 -Bank Loan 6,21,000 - Own Contr	Civil Work	22,44,822.60	11,22,411 -Bank 3,74,137 Own	37,41,371.00
Subtotal	24,60,000.00	-		22,44,822.60	-	37,41,371.00
2 nd Tranch	14,76,000.00	6,21,000 - Own Contr	Civil Work P&M	- -	- -	
Subtotal	14,76,000.00	-		-	-	
Total	39,36,000.00	-		22,44,822.60	-	37,41,371.00

Note - the above utilized amount includes Rs.188829/- which are retained (deducted from RA bill) as security deposit which is not actually cash outflow.

This certificate is issued as per the information and explanation and documents provided by the company without any financial liability on our part.

UDIN: 25604228BBIUQI9675

For TANAJI GADADE AND ASSOCIATES
CHARTERED ACCOUNTANTS

FRN: 15564374

CA TANAJI Y. GADADE

Proprietor, M. No. 604278