

Annual Report

2011 - 2012

TNUDF

TAMIL NADU URBAN DEVELOPMENT FUND

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**TAMILNADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**

BOARD OF DIRECTORS

Mrs. Anita Praveen, IAS.,
Chairperson & Managing Director,
TNUIFSL, Chennai - 600 017.

Mrs. Sheela Balakrishnan, IAS.,
Additional Chief Secretary to Government,
MA & WS Department,
Secretariat, Fort St. George,
Chennai - 600 009.

Mr. S. Krishnan, IAS.,
Secretary to Government (Expenditure),
Finance Department,
Secretariat, Fort St. George,
Chennai - 600 009.

Mr.T.K. Ramachandran, IAS.,
Secretary to Government,
Highways & Minor Ports Department
Secretariat, Fort St. George,
Chennai - 600 009.

Mr. Chandrakant B Kamble, IAS.,
Commissioner of Municipal Administration,
Chepauk,
Chennai - 600 005.

Mr. S.P. Chidambaram
Assistant General Manager
ICICI Bank Limited,
No.1, Cenotaph Road,
3rd Floor, Teynampet,
Chennai - 600018.

Mr. Joseph Conrad A D' Souza,
G.M. Treasury,
HDFC Ltd.,
Raman House,
169, Backbay Reclamation,
Mumbai - 400 020.

Mr.L.Krishnan,
Chief Executive Officer,
IL & FS Urban Infrastructure
Managers Limited,
Karumuttu Centre, 498, 3rd Floor,
South Wing, Anna Salai,
Chennai – 600 035.

Bankers

ICICI Bank Limited,
No.1, Cenotaph Road, Teynampet,
Chennai - 600 018.

Auditors

M/s. Joseph & Rajaram
Chartered Accountants, Chennai - 600 034.

Registered Office

Vairam Complex, First Floor,
112, Thegaraya Road, T.Nagar, Chennai - 600 017.
Phone: 044 28153103, 28153104, 28153105 Fax : 28153106

**TAMILNADU URBAN INFRASTRUCTURE
TRUSTEE COMPANY LTD**

BOARD OF DIRECTORS

Mr. Debendranath Sarangi, IAS,
Chairman - Chief Secretary,
Government of Tamilnadu,
Secretariat, Fort St. George,
Chennai - 600 009,

Mr. K. Shanmugam, IAS,
Principal Secretary to Government,
Finance Department,
Secretariat, Fort St. George,
Chennai - 600 009.

Mrs. Sheela Balakrishnan, IAS,
Additional Chief Secretary to Government,
MA & WS Department,
Secretariat, Fort St. George,
Chennai - 600 009.

Dr. Vijaykumar, IAS.,
Additional Chief Secretary to Government,
Planning and Development Department,
Government of Tamilnadu,
Secretariat, Fort St. George,
Chennai - 600 009.

Mr. K. Phanindra Reddy, IAS,
Secretary to Government,
H & UD Department,
Government of Tamilnadu,
Secretariat, Fort St. George,
Chennai - 600 009.

R. Kannan,
21, Parthasathypuram,
North Usman Road,
T.Nagar,
Chennai - 600 017.

Mr. S. P. Chidambaram,
Assistant General Manager,
ICICI Bank Limited,
No.1, Cenotaph Road,
3rd Floor, Teynampet,
Chennai - 600018.

Mr. Mathew Joseph,
Regional Manager,
HDFC Limited,
ITC Center, I Floor,
760, Anna Salai,
Chennai - 600 002.

Mr. L. Krishnan,
Chief Executive Officer,
IL & FS Urban Infrastructure
Managers Limited,
Karumuttu Centre, 498, 3rd Floor,
South Wing, Anna Salai,
Chennai - 600 035.

Bankers

Indian Bank,
Clock Tower Branch,
Chennai - 600 014.

TAMIL NADU URBAN DEVELOPMENT FUND

Report on the activities of Tamil Nadu Urban Development Fund for the Financial Year 2011 – 2012

1. Background

Tamil Nadu Urban Development Fund, popularly known as TNUDF, was established as a Trust under the Indian Trust Act, 1882 in the year 1996, by the Government of Tamil Nadu. The contributors of TNUDF are Government of Tamil Nadu and three institutions viz., ICICI Bank Limited, Housing Development Finance Corporation Limited and IL & FS Financial Services Limited. TNUDF is the first public-private partnership providing long term finance for civic infrastructure on a non-guarantee mode, in the country.

2. Vision and Mission

The Vision of TNUDF is “to be a sustainable financial intermediary that enhances the flow of private capital to urban sector in Tamil Nadu and facilitates urban local bodies become capable and sustainable organizations, sensitive to stakeholders in providing the highest quality of urban services”.

The Mission of TNUDF is “to contribute to improvement in urban quality of life in Tamil Nadu by facilitating efficient urban infrastructure asset creation and provision of urban services through innovative project development, independent appraisal and sustainable financing”

3. Objectives of TNUDF

The Objectives of TNUDF is to give financial assistance for setting up of infrastructure projects in Tamil Nadu. The ultimate goal of TNUDF is to become financially self sustainable and to mobilize sources to finance urban infrastructure development.

4. Management

TNUDF is managed by a Corporate Trustee viz., Tamil Nadu Urban Infrastructure Trustee Company Limited (TNUITCL). TNUITCL is managed by the Board of Directors nominated by the Government of Tamil Nadu and three institutions (ICICI, HDFC and IL & FS). The policies and procedures for the operation of TNUDF are prescribed by the Board of TNUITCL. TNUDF is operated by the Fund Manager viz., Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL).

5. Resources

A sum of ` 1411.46 crores is available with TNUDF for providing financial assistance for implementation urban infrastructure projects:

(` in Crores)

Sl.No.	Sources	Available	Availed
1	Units	199.60	199.60
2	Loan under World Bank assisted TNUDP II	157.56	157.56
3	Loan under World Bank assisted TNUDP III	602.60	431.82
4	Loan under JICA assisted TNUIP	180.50	143.60
5.	Loan under KfW assisted SMIF - TN	271.20	191.00
	Total	1411.46	1123.58

The balance amount will be availed based on the progress of the projects assisted by TNUDF.

6. Assistance under External Aided Projects

6.1 Tamil Nadu Urban Development Project – III (TNUDP-III) assisted by World Bank

TNUDP III was launched on 19th October 2005. The objectives of TNUDP III are as follows:

- To develop Tamil Nadu Urban Development Fund as financial intermediary to provide financing for infrastructure to ULBs on a sustainable basis.
- To strengthen urban reforms and consolidate the achievements under TNUDP-II in institutional strengthening and capacity building.
- To provide a grant to the Chennai Metropolitan Development Authority (CMDA) to take up traffic and transportation sub-projects in the Chennai Metropolitan Area.

The Project consists of two components namely (i) Institutional Development Component (IDC) managed by Commissionerate of Municipal Administration and (ii) Urban Investment Component (UIC) managed by TNUIFSL. The funds under IDC is used towards technical assistance and the funds under UIC is used to finance sustainable urban projects implemented by ULBs. The total outlay of the project is US \$ 434 mn (equivalent to about ` 1996 crores), of which World Bank line of credit is US \$ 300 mn (equivalent to about ` 1380 crores).

The project completion period TNUDP III is 31st March 2012. Considering the time required for completion of the sub-projects under implementation the project period has been extended up to 31st March 2014.

The funding assistance available under TNUDP III to provide term loan to ULBs for implementation of urban infrastructure projects is ` 602.60 crores. A sum of ` 564.05 crores has been committed for 101 projects and the balance amount available is ` 38.55 crores. Of the above 101 projects, 72 projects have been completed and 29 projects are under implementation. As on 31.03.2012 a sum of ` 384.57 crores has been disbursed as term loan to the projects based on the progress of the projects.

6.2 Tamil Nadu Urban Infrastructure Project (TNUIP) assisted by Japan International Co-operation Agency (JICA)

TNUIP was launched on 25th March 2008. The Project implementation period is five years. The objective of the Project is to provide safe and reliable water supply and sewerage services in ULBs by providing long-term financial assistance to construct and improve water supply and sewerage facilities, thereby contributing to improvement of living conditions of local residents in the concerned areas.

The total outlay of the Project is JPY 9824 million (equivalent to about ` 345 crores), of which JICA's line of credit is JPY 8551 million (equivalent to about ` 300.04 crores). The line of credit consists of ` 283.23 crores (` 180.50 crores in the form of term loan and ` 102.73 crores in the form of capital grant) towards implementation of water and sewerage projects and ` 16.81 crores towards technical assistance.

The funding assistance available under TNUIP to provide term loan to ULBs for implementation of water and sewerage projects is ` 180.50 crores and the entire amount has been committed for 6 water supply projects. All the 6 projects are under implementation. As on 31.03.2012 a sum of ` 88.30 crores has been disbursed as term loan to the projects based on the progress of the projects.

6.3 Sustainable Municipal Infrastructure Financing – Tamil Nadu (SMIF-TN) assisted by KfW

SMIF-TN was launched on 9th July 2008. The Project implementation period is five years. The objective of the Project is to promote municipal infrastructure projects with positive environmental effects in Tamil Nadu, to promote private financing for urban infrastructure projects and to develop municipal bond market through Master Financing Indenture.

The total outlay is Euro 77 million (equivalent to about ` 500 crores) consisting of Euro 65 million (equivalent to about ` 422 crores) for financing urban infrastructure projects (` 271.20 crores in the form of term loan and ` 150.80 crores in the form of capital grant), Euro 10 million (equivalent to about ` 65 crores) as loan to Water and Sanitation Pooled Fund for development of municipal bond market, and Euro 2 million (equivalent to about ` 13 crores) towards grant for strengthening the technical capabilities.

The funding assistance available under SMIF-TN to provide loan to ULBs for implementation of urban infrastructure projects is ` 271.20 crores. A sum of ` 271.09 crores has been committed for 14 projects and the balance amount available is ` 0.11 crores. Of the above 14 projects 3 projects have been completed and 11 projects are under implementation. As on 31.03.2012 a sum of ` 108.89 crores has been disbursed as term loan to the projects based on the progress of the projects.

7. PERFORMANCE

7.1 Project Approvals

During the financial year 2011-12, 14 urban infrastructure projects with a total project cost of ` 628.70 crores have been financed and a sum of ` 124.02 crores has been sanctioned as term loan. The sector wise financial assistance is as detailed below:

(` in Crores)

Sl. No.	Sector	No. of projects	Project Cost	Term Loan Sanctioned
1	Sewerage & Sanitation	6	272.49	26.77
2	Water Supply	6	338.71	87.35
3	Bus Stand	2	17.50	9.90
	Total	14	628.70	124.02

7.2 Disbursements

During the financial year 2011 - 2012, a sum of ` 85.36 crores has been disbursed as loan as detailed below:

(` in Crores)

Sector	Amount disbursed	
	2011-2012	2010-2011
Sewerage & Sanitation	31.47	84.05
Water Supply	38.00	64.16
Roads, Bridges, Storm Water Drains & River Improvement	8.94	31.28
Bus Stations and Office Building	6.95	5.86
Total	85.36	185.35

8. Monitoring and Recovery

As for monitoring and recovery, efforts are made to assess the credit risk and concentration of credit. Wherever undue delay is noticed in repayment of dues, close follow-up action is being pursued. Necessary provision has been included in the loan agreement to escrow the collections of ULBs and / or to maintain a Debt Service Reserve Fund as the case may be. TNUDF has achieved record 100% collection efficiency continuously for the past seven financial years. As on 31.03.2012, there are no non-performing assets.

9. Accounts and Audit

The Accounts for the financial year 2011-2012 have been completed and audited by M/s. Joseph & Rajaram, Chartered Accountants, Chennai.

TAMIL NADU URBAN DEVELOPMENT FUND

HIGHLIGHTS OF PERFORMANCE

(` in Crores)

	31.3.12	31.3.11	31.3.10	31.3.09	31.3.08	31.3.07	31.3.06	31.3.05	31.3.04	31.3.03	31.3.02	31.3.01	31.3.00	31.3.99	31.3.98
Total Assets	1272.84	1038.71	1001.40	687.59	673.13	531.40	492.85	477.60	554.23	794.03	688.93	657.52	425.33	367.19	322.31
Net worth	215.67	208.43	205.34	202.26	202.26	202.26	202.26	202.26	202.26	198.72	198.72	179.82	178.61	139.93	127.46
Total Income	84.11	67.25	59.33	51.16	47.28	35.99	28.68	28.44	42.18	79.06	81.82	57.91	44.73	44.52	39.02
Total Expenditure	73.63	62.89	54.83	33.20	28.94	20.66	20.19	21.09	23.17	54.05	48.46	33.87	23.32	22.21	37.37
Surplus before provision for contingency	-	-	-	17.96	18.34	15.33	8.49	7.35	19.02	25.01	33.36	24.04	21.41	22.31	1.65
Provision for Contingency	-	-	-	6.17	14.40	10.05	5.07	5.94	9.00	13.44	21.00	-	-	-	-
Surplus available for distribution	-	-	-	11.79	3.94	5.28	3.42	1.41	10.02	11.57	12.36	24.04	21.41	22.31	1.65
Surplus before tax	10.48	4.36	4.50	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Tax	3.24	1.27	1.43	-	-	-	-	-	-	-	-	-	-	-	-
Net income / surplus after tax transferred to Capital Fund	7.24	3.09	3.07	-	-	-	-	-	-	-	-	-	-	-	-
Average Return on Loan lending %	8.54	8.41	8.30	8.01	8.43	8.49	8.12	8.47	11.33	13.48	15.12	14.54	14.42	14.19	13.13
Yield on Investments %	9.74	7.73	9.35	9.78	10.01	8.81	6.49	5.76	5.75	7.20	9.00	9.41	12.00	13.73	17.89
Cost of funds %	7.61	7.35	7.32	7.64	7.62	7.52	7.52	7.99	8.23	10.8	12.77	12.91	12.79	12.56	12.24
Loan Sanctions (Net)	124.02	123.22	167.68	178.08	209.56	201.94	381.25	147.61	145.24	17.73	1.33	36.30	314.29	15.80	60.28
Loan Disbursements	85.36	185.35	151.46	88.63	70.74	69.42	26.71	102.50	51.13	2.53	19.71	219.29	56.12	20.11	21.69
Recoveries(Principal + Interest)	78.45	69.73	52.85	37.34	30.62	22.14	20.82	15.30	22.90	74.45	69.25	41.94	39.52	32.60	27.49
Collection Efficiency %	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	98.80	99.81	99.75	100.00	99.00	83.75	81.14

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE TRUSTEES OF TAMIL NADU URBAN DEVELOPMENT FUND

- 1) We have audited the attached Balance Sheet of Tamil Nadu Urban Development Fund (the Trust) as at 31 March 2012, the Income and Expenditure Account and the Cash Flow Statement of the Trust for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.
- 3) Attention is invited to Paragraphs 1(b) and 4(b) of Schedule M to the Accounts regarding Net Income after Provision for Income-tax for the current year and provision for Contingencies of earlier years for the reason stated therein.
- 4) Further to our comments in paragraph 3 above, we report as follows:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) the Balance Sheet, the Income and Expenditure Account and the cash flow statement dealt with by this Report are in agreement with the books of account of the Trust;
 - c) in our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Trust as at 31 March 2012;
 - ii. in the case of the Income and Expenditure Account, of the surplus of the Trust for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Trust for the year ended on that date.

For **JOSEPH & RAJARAM**
Chartered Accountants
(Firm Regn. No.001375S)

Sd/-
R.LAKSHMINARAYANAN
PARTNER.
Membership No. 16246

Place : Chennai
Date: 29/06/2012

**TAMILNADU URBAN DEVELOPMENT FUND
BALANCE SHEET AS AT 31 MARCH 2012**

	Sche- dule	As At 31.03.2012	As At 31.03.2011
SOURCES OF FUNDS			
1 Capital Fund			
a. Contribution by Settlor	A	5,000	5,000
b. Reserves & Surplus	B	16,07,77,201	8,83,29,574
2 Other Funds			
a. Units	C	199,59,69,211	199,59,69,211
b. Loans Borrowed	D	923,01,79,706	714,49,99,629
TOTAL		1138,69,31,118	922,93,03,414
APPLICATION OF FUNDS			
3 Investments	E	3,16,27,661	8,48,72,598
4 Loans Disbursed	F	664,25,57,309	607,71,24,115
5 Current Assets, Loans & Advances			
a. Current Assets	G	409,29,72,450	269,25,30,979
b. Loans & Advances	H	196,12,51,680	153,25,79,443
		605,42,24,130	422,51,10,422
Less			
6 Current Liabilities & Provisions			
a. Current Liabilities	I	43,14,04,377	28,00,86,991
b. Provisions	J	91,00,73,605	87,77,16,730
		134,14,77,982	115,78,03,721
7 Net Current Assets		471,27,46,148	306,73,06,701
8 Significant Accounting Policies and Notes on Accounts	M		
TOTAL		1138,69,31,118	922,93,03,414

Schedules referred above form an integral part of the Accounts.

In terms of our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R. Lakshminarayanan
Partner

Membership No. 16246

Sd/-

L. Krishnan

Sd/-

Sheela Balakrishnan, IAS
(Trustees)

**Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited**

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

TAMILNADU URBAN DEVELOPMENT FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Sche- dule	For the Year 2011 - 2012	For the Year 2011-2010
INCOME			
1 Interest on Loans Disbursed		53,82,53,989	47,48,54,846
2 Interest on Deposits & Savings Bank Accounts		29,92,07,181	19,05,04,524
3 Income from Investments (Tax deducted at source on income ` 2,94,23,929/-; Previous year ` 1,48,50,158/-)		36,76,122	72,34,009
TOTAL		84,11,37,292	67,25,93,379
EXPENDITURE			
4 Financial Cost	K	68,66,11,057	58,32,16,771
5 Management Fee & other Operating Expenses	L	4,74,05,327	4,24,58,899
6 Provision in respect of Loans Disbursed		23,16,407	32,71,248
TOTAL		73,63,32,791	62,89,46,918
7 Net income before Tax		10,48,04,501	4,36,46,461
8 Less: Provision for Income Tax		3,23,56,875	1,27,12,710
9 Net Income / Surplus after tax transferred to Capital Fund		7,24,47,626	3,09,33,751
10 Significant Accounting Policies and Notes on Accounts	M		

Schedules referred above form an integral part of the Accounts.

In terms of our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R. Lakshminarayanan
Partner

Membership No. 16246

Sd/-

L. Krishnan

Sd/-

Sheela Balakrishnan, IAS
(Trustees)

**Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited**

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

TAMILNADU URBAN DEVELOPMENT FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

		For the Year ended 31-03-2012	For the Year ended 31-03-2011
A.	Cash flow From Operating Activities		
	Surplus before Tax	10,48,04,501	4,36,46,461
	<i>Operating Surplus before Working Capital Changes</i>	10,48,04,501	4,36,46,461
	Adjustments for changes in :		
	Current Assets	(9,47,75,204)	(6,56,96,758)
	Loans and Advances	(39,61,48,307)	(9,31,72,947)
	Current Liabilities & Provisions	15,13,17,386	(9,12,68,125)
	<i>Cash Generated from Operations</i>	(23,48,01,624)	(20,64,91,369)
	Less: Tax Paid / Tax Deducted at source	(3,25,23,929)	(2,28,50,158)
	Net Cash from / (Used in) Operating Activities	(26,73,25,553)	(22,93,41,527)
B.	Cash Flow from Investing Activities		
	Loans Disbursed (Net)	(56,54,33,194)	(79,03,96,298)
	Investment (Net)	5,32,44,937	9,14,01,346
	Net Cash used in Investing Activities	(51,21,88,257)	(69,89,94,952)
C.	Cash Flow from Financing Activities		
	Unit	0	0
	Borrowings (Net)	208,51,80,077	42,07,15,945
	Net Cash from Financing Activities	208,51,80,077	42,07,15,945
	Net (Decrease) / Increase in Cash & Cash Equivalents (A + B + C)	130,56,66,267	(50,76,20,534)
	Cash and Cash equivalents at the beginning of the Accounting Period	242,35,43,355	293,11,63,889
	Cash and Cash equivalent at the end of the Accounting Period	372,92,09,622	242,35,43,355

In terms of our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R. Lakshminarayanan
Partner

Membership No. 16246

Sd/-

L. Krishnan

Sd/-

Sheela Balakrishnan, IAS
(Trustees)

**Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited**

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

TAMILNADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31st MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule A		
Contribution by Settlor		
Initial Settlement Amount	5,000	5,000
Total	5,000	5,000
Schedule B		
Reserves & Surplus		
1 Capital Reserve	2,66,40,789	2,66,40,789
2 Income and Expenditure Account		
Opening balance	6,16,88,785	3,07,55,034
Add: Transfer during the year	7,24,47,627	3,09,33,751
	13,41,36,412	6,16,88,785
Total	16,07,77,201	8,83,29,574
Schedule C		
Units (19959.69211 units @ ` 1,00,000 per unit)		
1 Contribution from Government of Tamil Nadu	142,91,24,994	142,91,24,994
2 Contribution from Institutions		
ICICI Bank Ltd. 23,32,36,491		
HDFC Ltd. 16,71,61,299		
IL & FS Financial Services Ltd. 16,64,46,427	56,68,44,217	56,68,44,217
Total	199,59,69,211	199,59,69,211
Schedule D		
Loans Borrowed		
1 Loans under IBRD line of credit		
a. Loans under TNUDP - II	157,55,51,515	166,07,99,629
b. Loans under TNUDP-III	430,86,28,191	381,82,00,000
2 Loans under JICA line of credit	143,60,00,000	75,60,00,000
3 Loans under KfW line of credit	191,00,00,000	91,00,00,000
Total	923,01,79,706	714,49,99,629

TAMILNADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31st MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule E		
Investments		
Long Term		
1 5.20% -Unsecured Redeemable Tax Free Bonds of ` 10 lakhs each issued by Chennai Metropolitan Water Supply and Sewerage Board	0	83,33,335
2 5.45% -Unsecured Redeemable Tax Free Bonds of ` 10 lakhs each issued by Chennai Metropolitan Water Supply and Sewerage Board	2,16,66,665	6,50,00,000
3 12.25% - Non Convertible Redeemable Bonds of ` 1 lakh each issued by Corporation of Madurai	99,60,996	1,15,39,263
Total	3,16,27,661	8,48,72,598
Schedule F		
Loans Disbursed		
1 Loans guaranteed by Government of Tamil Nadu	70,32,408	1,84,30,159
2 Other Loans	666,22,01,838	608,31,00,077
	666,92,34,246	610,15,30,236
Less: Provisions	2,66,76,937	2,44,06,121
Total	664,25,57,309	607,71,24,115
Schedule G		
Current Assets		
1 Interest accrued on deposits and investments	10,43,55,968	6,49,13,504
2 Balances with Schedule Banks		
a. In Savings Bank accounts	97,56,372	2,65,07,796
b. In Public Deposit account	180,00,00,000	58,00,00,000
c. In Deposit accounts	191,94,53,250	181,70,35,559
3 Interest accrued on Public Deposit Account	11,70,93,333	7,79,93,333
4 Interest accrued on loans disbursed	14,23,13,527	12,60,80,787
Total	409,29,72,450	269,25,30,979

TAMILNADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31st MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule H		
Loans and Advances		
1 Term Deposits with Companies	85,12,74,932	54,67,91,379
2 Income Tax Paid under protest	88,42,86,608	88,42,86,608
3 Income tax paid in Advance / Tax Deducted at Source	12,49,12,323	9,23,88,393
4 Other Advances	10,07,77,817	91,13,063
Total	196,12,51,680	153,25,79,443
Schedule I		
Current Liabilities		
1 Expenses payable	2,07,303	2,03,503
2 Amount received in advance from borrowers	7,37,02,828	4,21,73,587
3 Other liabilities to Government of Tamil Nadu	78,98,585	1,92,50,745
4 Interest accrued but not due on borrowings	34,95,95,661	21,84,59,156
Total	43,14,04,377	28,00,86,991
Schedule J		
Provisions		
1 Provision for tax	5,93,29,605	2,69,72,730
2 Provision for Contingencies (See note 4 b)	85,07,44,000	85,07,44,000
Total	91,00,73,605	87,77,16,730
Schedule K		
Financial Cost		
1 Interest on units	14,77,01,722	13,97,17,845
2 Interest on loans borrowed	53,89,09,335	44,34,98,926
Total	68,66,11,057	58,32,16,771
Schedule L		
Management Fee & Other Operating Expenses		
1 Management Fees	3,15,76,695	2,99,70,807
2 Front End Fees on loans borrowed	1,50,00,000	1,18,00,000
3 Auditors' Remuneration		
- Audit	1,30,000	1,30,000
-Tax Audit	15,000	15,000
-Service Tax	17,922	14,935
4 Other Expenses	6,65,710	5,28,157
Total	4,74,05,327	4,24,58,899

**TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2012**

Schedule M

Significant Accounting Policies and Notes on Accounts

I. Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b. Fixed Assets

Fixed assets are stated at actual cost less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to working condition for its intended use.

c. Depreciation

Depreciation on Fixed Assets is provided pro-rata on the basis of the Written Down Value method using the rates prescribed under the Income Tax Act, 1961.

d. Investments

Current Investments are valued at lower of cost or market value. Long term investments are usually carried at cost.

e. Income Recognition

Interest on loans disbursed and investment income are recognized as per contract on accrual basis.

f. Employee Retirement Benefits

At present there are no employees in the Trust. The Trust is managed by the Fund Manager. Hence, the Trust does not have any policy in this regard.

g. Borrowing Costs

Borrowing costs are capitalized as part of the cost of the qualifying asset when it is probable that they will result in future economic benefit to the Trust and the cost can be measured. Other borrowing costs are recognized as an expense in the year in which they are incurred.

h. Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard.

**TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2012**

Schedule M

Significant Accounting Policies and Notes on Accounts (Contd.)

i. Taxes on Income

Current Tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being the difference between taxable income and the accounting income that originate in one year and reversed in another accounting year. Deferred Tax assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or subsequently enacted by the balance sheet date. Deferred tax Assets arising on account of unabsorbed depreciation or carry forward of business loss are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

j. Provisions, Contingent Liability & Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be reliably estimated.

Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Contingent assets are neither recognized nor disclosed.

II. Notes on Accounts

1. Capital Fund

a. Capital Reserve

Tamil Nadu Urban Development Fund (TNUDF) was established as a Trust under the Indian Trusts Act, 1882, by a Deed of Trust dated 29th November 1996. Accordingly, the first Income and Expenditure Account was prepared for the period 29th November 1996 to 31st March 1997. However as per the orders of Government vide G.O. No. 400 Housing and Urban Development UD III (2) Department dated 13th September 1996, the assets and liabilities as at 30th September 1996 of the

**TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2012**

Schedule M

Significant Accounting Policies and Notes on Accounts (Contd.)

Tamil Nadu Municipal Urban Development Fund have been transferred to the Trust. Accordingly, the net income of the TNUDF for the period 1st October 1996 to 28th November 1996 has been accounted under the head Capital Reserve.

b. Net Income

The entire net income was distributed to the contributors of the Trust, up to FY 2008-09. From the FY 2009-10, interest has been paid to the contributors and the balance net income has been retained by the Trust after providing for Income Tax. Such Net Income has been transferred to Reserves and Surplus under the head Capital Fund.

2. Loans Borrowed

All the loans borrowed by the Trust are unsecured in nature.

Balance confirmation has not been obtained in respect of loans borrowed and interest payable thereon as at 31st March 2012.

3. Loans Disbursed and Provisioning Norms thereof

The loans disbursed by the Trust are unsecured. Loans disbursed amounting to ₹ 70,32,408/- are guaranteed by Government of Tamil Nadu.

Provision for all Standard Loans, Non-Performing Loans and Interest and Penal Interest outstanding with respect to Non-Performing Loans as at the end of the year is based on the RBI guidelines prescribed for Income Recognition, Asset Classification and Provisioning norms as applicable to All-India Financial Institutions in India as at the end of each financial period.

4. Capital commitments and contingent liabilities:

- a) Term loans pending disbursement against sanction for which funds have been received from the Government, is ₹ 184.66 crores (previous year ₹ 53.07 crores).

**TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2012**

Schedule M

Significant Accounting Policies and Notes on Accounts (Contd.)

- b) The Trust has been assessed to income tax, disregarding the stand of the Trust, for the Assessment Years 1997-98 to 2008-09 and demands have been raised by the Income Tax authorities. The Trust has gone on appeal before the appellate authorities against the orders passed by the Assessing Officer for all the above years. The ITAT has passed orders for AY 1997-98 to AY 2007-08 stating that the appeals are allowed for statistical purposes as the case have been remanded back to the Assessing Officer for fresh consideration. For the Assessment Year 2008-09 appeal has been filed with the Commissioner of Income Tax (Appeals) against the orders of the Assessing Officer. Considering the above, a sum of ` 85,07,44,000/- has been provided for contingencies as of 31st March 2009.

5. Expenditure and earnings in Foreign Currency:

The Trust has no earnings and expenditure in Foreign Exchange (previous year: Nil)

6. Previous year's figures have been regrouped wherever necessary.

For **JOSEPH & RAJARAM**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R.Lakshminarayanan

Partner

Membership No. 16246

Sd/-

L. Krishnan

Sheela Balakrishnan, IAS

(Trustees)

Directors of Tamil Nadu Urban

Infrastructure Trustee Company Limited

Sd/-

Place: Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the 15th Annual Report of the Company together with audited financial Statement for the year ended 31st March 2012.

Tamil Nadu Urban Development Fund (TNUDF) was established as a Trust under the Indian Trust Act, 1882. Your company is the Corporate Trustee of TNUDF and is being managed by Tamil Nadu Urban Infrastructure Financial Services Limited based on the policies and procedures prescribed by the Company.

1. FINANCIAL RESULTS

The working results for the Financial Year 2011-2012 are as follows:

(Amount in `)

	2011-12	2010-11
Income	98,690	78,132
Expenditure	87,224	74,836
Net Profit before tax	11,466	3,296
Net Profit after tax	7,866	2,196
Net Worth	10,43,942	10,36,076

2. AUDIT

M/s. Joseph & Rajaram, Chartered Accountants, Chennai have been appointed as the statutory auditors and they have audited the accounts of the Company for the financial year ended 31.03.2012.

3. STATUTORY INFORMATION

Throughout the period of the Financial Year none of the employees was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules of 1975.

The information as required under Section 217-(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

The Company has neither earned any foreign exchange nor incurred any expenditure in foreign currency during the financial year 2011-12.

No manufacturing activities have taken place and hence the conservation of energy is not applicable.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act 1956, on the Directors' Responsibility Statement, the Directors confirm that:-

- a. that in the preparation of accounts, the applicable accounting standards have been followed along with proper explanation relating, to material departures;
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the year and of the profit of the Company, for that period;
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: and
- d. that the Directors have prepared the annual accounts on a going concern basis.

5. DIRECTORS

The following changes have taken place in the Board of Directors of the Company since the last Annual General Meeting.

Mrs. Sheela Balakrishnan, IAS, Additional Chief Secretary to Government, MA&WS Department has been appointed as Director in the place of Dr.S.Karuthiah Pandian, IAS.

As per the Articles of Association, at every Annual General Meeting, one third of the Directors (other than the Chairman, one another GoTN Nominee Director and one ICICI nominee Director) who have been longest in office since their appointment are liable to

retire by rotation. Accordingly, Mr.R.Kannan and Mr.K. Phanindra Reddy, IAS are retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

6. SECRETARIAL AUDIT

As per the amendment to the Companies Act, 1956 the Company has to file with the Registrar of Companies a Compliance Certificate from a Secretary in whole time practice and a copy of such Certificate shall be attached to the Report of the Board of directors. Accordingly, a Compliance Certificate is enclosed.

7. ACKNOWLEDGMENT

The Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Government of India, Government of Tamil Nadu, the World Bank, Japan Bank for International Cooperation, KfW, ICICI Bank, IL&FS Financial Services Limited, Housing Development Finance Corporation Limited, Tamil Nadu Urban Infrastructure Financial Services Limited, Urban Local Bodies, Banks and Statutory Auditors.

For and on behalf of the
Board of Director

Place : Chennai – 17
Date : 30-08-2012

Chief Secretary
Chairman – TNUITCL

T. MURUGAN, B.Sc., ACA, ACS
Practicing Company Secretary

22-E, Sri Subah Colony,
Munuswamy Road, K.K. Nagar,
Chennai – 600 078.
Ph: 24847075, 9381035900
murugantmp@yahoo.co.in

COMPLIANCE CERTIFICATE

CIN: U65991TN1996PLC036866

To

The Members

M/S TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED,
112, Theagaraya Road, "Vairam Complex" First Floor,
T. Nagar, Chennai - 600 017.

I have examined the registers, records, books and papers of M/S TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED, (the company) as required to be maintained under the Companies Act, 1956,(the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
- The company has duly filed the Forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities with in the time prescribed under the Act and the rules made there under or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under.
- The company being a public limited company, the provisions of section 3(1) (iii) are not applicable to this company.
- The Board of Directors duly met 4 times on 30-06-2011, 19-09-2011, 13-12-2011 and 29-03-2012 in respect of which meetings proper notices were given and the

proceedings were properly recorded and signed including the circular resolutions passed in the minute's book maintained for the purpose.

- The company has not opted to close its Register of Members during the year.
- The Annual General Meeting for the year ended on 31st March, 2011 was held on 19th September, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
- No Extraordinary General Meeting(s) was held.
- The company has not advanced any loans to its directors as referred in section 295 of the Act or as per the Articles of Association of the company.
- The company has duly complied with the provisions of section 297 of the Act.
- The company has made necessary entries in the Register maintained under section 301 of the Act.
- As there was no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
- The Company has not issued any Duplicate Share Certificate during the financial year.
- The Company has:
 - i) Transfer of shares made during the financial year under review, the provisions of the Act complied with.
 - ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year;
 - iii) not paid posted warrants for dividends to all the members as no dividend was declared during the financial year;
 - iv) not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as no dividends were declared;
 - v) Duly complied with the requirements of section 217 of the Act.

- The Board of Directors of the company is duly constituted and the Appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies have been duly made.
- The company has not appointed Managing Director during the financial year under review.
- The company has not appointed any sole-selling agents during the financial year.
- The company has no instances to obtain approvals from statutory authorities under the Act.
- The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
- The Company has not issued any shares / debentures / other securities during the financial year.
- The Company has not bought back shares during the financial year.
- There was no redemption of any preference shares /debentures during the financial year.
- There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares in compliance of the Act.
- The Company has not invited / accepted any deposits including any unsecured loan or advances falling within the purview of sec.58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
- The Company has complied with the provisions under section 293(1)(d) of the Act.
- The company has neither made any inter-corporate loans or investments, nor given any guarantee or security to any body corporate.
- The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny.
- The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
- The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.

- The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
- The Company has not altered its Articles of Association during the financial year.
- There was no prosecution initiated against the company for alleged offences under the Act and not received show cause notices.
- The company has not received any money as security from its employees during the year.
- The company has no separate PF Trust on its own as envisaged under section 418 of the Act.

Place: Chennai
Date: 29-06-12

Signature: Sd/-
Name of Company Secretary: T.Murugan
C.P.No: 4393

Annexure A

Registers maintained by the Company

1. Register of Members
2. Register of Directors.
3. Register of Directors' Shareholding.
4. Minutes of Board Meetings.
5. Minutes of General Body Meeting.
6. Register of Charges
7. Register of Investments.

Annexure B

1. Form 32 filed on 02-02-2011 SRN: B04585246
2. Form 32 filed on 08-07-2011 SRN: B15815996
3. Form 66 filed on 12-10-2011 SRN : P72382401
4. Form 23 filed on 12-10-2011 SRN: B22652796
5. Form 32 filed on 12-10-11 SRN: B22652390
6. Form 23AC & ACA filed on 17-10-2011 SRN: P73045874
7. Form 20B filed on 31-10-2011 SRN: P77493849
8. Form 32 filed on 23-01-2012 SRN: B30298525

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

AUDITORS' REPORT
To The Members of
TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

- 1) We have audited the attached Balance Sheet of Tamil Nadu Urban Infrastructure Trustee Company Limited as at 31 March 2012 and the Profit and Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above:
 - a) we have 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 by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; to the extent applicable.

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

- 5) On the basis of the written representations/declarations received from the Directors (other than Nominee Directors exempt from the provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, vide Department of Company Affairs General Circular No.8/2002 dated 22 March 2002), and taken on record by the Board of Directors, none of the said Directors of the Company is disqualified as at 31 March 2012, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date.
- 6) in our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012; and
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For JOSEPH & RAJARAM
(Firm Regn. No. 001375S)
CHARTERED ACCOUNTANTS

Sd/-
R.LAKSHMINARAYANAN
PARTNER
Membership No.16246

Place : Chennai
Date : 29/06/2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business / activities during the year is such that Clauses 4 (i), 4(ii), 4(iii), 4(vii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the services rendered by the Company and we have not observed any significant continuing failure to correct major weaknesses in such internal controls during the course of our audit. The company does not purchase any inventory nor does it sell any goods in the ordinary course of its business.
- (iii) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act 1956.
- (iv) The company has not accepted any deposits from the public.
- (v) In respect of Statutory dues:
 - a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that the Employees State Insurance Act is not applicable to the Company.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax and other material statutory dues applicable to the Company were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
 - c) According to the information and explanation given to us, there are no dues of Income tax which have not been deposited on account of any dispute.

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

- (vi) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (vii) in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (viii) during the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (ix) the company has not issued any secured debentures during the year.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **JOSEPH & RAJARAM**
(Firm Regn. No. 001375S)
CHARTERED ACCOUNTANTS

Sd/-
R. LAKSHMINARAYANAN
PARTNER
Membership No.16246

Place : Chennai
Date : 29/06/2012

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH 2012

	Note No.	As At 31.03.2012	As At 31.03.2011
I. EQUITY AND LIABILITY			
Shareholders Funds			
a. Share Capital	3	10,07,000	10,07,000
b. Reserves & Surplus	4	36,942	29,076
Non Current Liabilities			
a. Long Term Borrowings		0	0
b. Deferred Tax Liabilities (Net)		0	0
c. Other Long Term Liabilities		0	0
d. Long Term Provisions		0	0
Current Liabilities			
a. Short Term Borrowings		0	0
b. Trade Payables		0	0
c. Other Current Liabilities	5	13,483	13,236
d. Short Term Provisions	6	17,200	13,600
Total		10,74,625	10,62,912
II. ASSETS			
1. Non Current Assets			
a. Fixed Assets (net block)		0	0
b. Non Current Investments		0	0
c. Long Term Loans and Advances		0	0
d. Other Non Current Assets		0	0
2. Current Assets			
a. Current Investments		0	0
b. Inventories		0	0
c. Trade Receivables		0	0
d. Cash and Cash Equivalents	7	9,65,927	18,412
e. Short Term Loans and Advances		0	0
f. Other Current Assets	8	1,08,698	10,44,500
Total		10,74,625	10,62,912
Notes including Significant Accounting Policies	1 to 12		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For **Joseph & Rajaram**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

For and on behalf of the Board of Directors

Sd/-

L. Krishnan

Director

Sd/-

Sheela Balakrishnan, IAS

Director

Place : Chennai

Date : 29.06.2012

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	Year ended 31st March 2012	Year ended 31st March 2011
I. Revenue from Operations		0	0
II. Other Income	9	98,690	78,132
III. Total Revenue (I+II)		98,690	78,132
IV. Expenses			
Employee Benefits		0	0
Finance Cost		0	0
Depreciation and amortization Expenses		0	0
Other Expenses	10	87,224	74,836
Total Expenses		87,224	74,836
V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		11,466	3,296
VI. Exceptional Items		0	0
VII. Profit Before Extraordinary Items and Tax (V - VI)		11,466	3,296
VIII. Extraordinary Items		0	0
IX. Profit Before Tax (VII - VIII)		11,466	3,296
X. Tax Expense			
1. Current Tax		3,600	1,100
2. Deferred Tax		0	0
XI. Profit for the year from continuing operations (IX - X)		7,866	2,196
XII. Earnings Per Share (Basic & Diluted)	11.3	0.08	0.02
Notes including Significant Accounting Policies	1 to 12		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For **Joseph & Rajaram**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R.Lakshminarayanan

Partner

Membership No. 16246

Place : Chennai

Date : 29.06.2012

For and on behalf of the Board of Directors

Sd/-

L. Krishnan

Director

Sd/-

Sheela Balakrishnan, IAS

Director

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 1: Corporate Information:

- a) The Company is the Corporate Trustee of Tamil Nadu Urban Development Fund (TNUDF). TNUDF is a trust established under the Indian Trust Act, 1882. TNUDF is engaged in providing financial assistance for the implementation of urban infrastructure projects in Tamil Nadu.

Note 2: Significant Accounting Policies:

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(b) Fixed Assets

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to working condition for its intended use.

(c) Depreciation

Depreciation on Fixed Assets is provided pro-rata on the basis of the Written Down Value method using the rates prescribed in Schedule XIV of the Companies Act, 1956. However, individual assets costing less than or equal to ` 5,000/- each are fully depreciated in the period of acquisition.

(d) Investments

Current Investments are valued at lower of cost or market value. Long term investments are usually carried at cost.

(e) Revenue Recognition

The Company does not generate any income from operations. Hence the Company does not have any policy for recognition of its operational income.

(f) Employee Retirement Benefits

At present there are no employees in the Company. Hence the Company has not instituted any policy in this regard.

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2012.

(g) Impairment of Assets:

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard.

(h) Taxes on Income:

Current Tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being the difference between taxable income and the accounting income that originate in one year. Deferred Tax assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted by the balance sheet date. Deferred tax Assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(i) Provisions, Contingent Liability & Contingent Assets:

Provisions are recognized when there is a present obligation as result of a past event and it is probable that outflows will be required to settle the obligation, which can be reliably estimated.

Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Contingent assets are neither recognized nor disclosed.

(j) Preliminary Expenses:

Preliminary expenses incurred by the Company are fully written off in the first accounting period.

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 3: Share Capital

Particulars	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	₹	No. of Shares	₹
a) Authorised Equity shares of ₹10 each with voting rights	1,10,000	11,00,000	1,10,000	11,00,000
(b) Issued, Subscribed and Fully paid-up Equity shares of ₹10 each with voting rights	1,00,700	10,07,000	1,00,700	10,07,000

(c) Equity Reconciliation

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity shares with voting rights			
Year ended 31st March, 2012			
- Number of shares (Face Value of ₹10 each)	1,00,700	0	1,00,700
- Amount (₹)	10,07,000	0	10,07,000
Year ended 31st March, 2011			
- Number of shares (Face Value of ₹10 each)	1,00,700	0	1,00,700
- Amount (₹)	10,07,000	0	10,07,000

(d) Details of shares held by each shareholder holding more than 5% shares:

Class of Shares / Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	Number of Shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
Equity shares with voting rights				
Government of Tamil Nadu	49000	48.66%	49000	48.66%
ICICI Bank Ltd	18986	18.85%	18986	18.85%
IL&FS Financial Services Ltd.	17014	16.90%	17014	16.90%
Housing Development Financial Corporation Ltd	15000	14.90%	15000	14.90%

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 4: Reserves and Surplus

Particulars	As at 31st March 2012	As at 31st March 2011
	`	
(a) General reserve	0	0
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	29,076	26,880
Add: Profit / (Loss) for the year	7,866	2,196
Closing balance	36,942	29,076
Total (a+b)	36,942	29,076

Note 5 : Other Current Liabilities

Particulars	As at 31st March 2012	As at 31st March 2011
	`	
Other Payables		
(i) Statutory remittances	0	0
(ii) Contractually reimbursable expenses	13,483	13,236
TOTAL	13,483	13,236

Note 6 : Short-term Provisions

Particulars	As at 31st March 2012	As at 31st March 2011
	`	
(a) Provision for employee benefits:	0	0
(b) Provision - Others:		
Provision for Income tax	17,200	13,600
Total	17,200	13,600

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 7: Cash and Cash Equivalents

Particulars	As at 31st March 2012	As at 31st March 2011
	\	
(a) Cash on hand	0	0
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	15,927	18,412
(ii) In deposit accounts	9,50,000	0
Total	9,65,927	18,412

Note 8: Other Current Assets

Particulars	As at 31st March 2012	As at 31st March 2011
	\	
(a) Accruals		
(i) Interest accrued on deposits	55,721	41,348
(ii) Interest accrued on investments	0	0
(b) Others		
(i) Advance tax and TDS	52,977	43,152
(ii) Term Deposits with Companies	0	9,60,000
Total	1,08,698	10,44,500

Note 9: Other Income

Particulars	For the year Ended 31st March 2012	For the year Ended 31st March 2011
	\	
Interest income		
On Investments (Tax-free)	0	0
On term Deposits	98,690	78,132
Total	98,690	78,132

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 10: Other Expenses

Particulars	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
Administrative expenses	49,500	45,000
Repairs and maintenance - Others	3,300	3,000
Printing and stationery	3,000	2,400
Filing Fees	3,200	5,400
Legal and professional	5,000	5,800
Payments to auditors: Statutory Audit Fees	13,483	13,236
Office Expenses	9,741	0
Total	87,224	74,836

Note 11: Additional Information to the Financial Statements

Note	Particulars	As at 31st March 2012	As at 31st March 2011
11.1	Contingent liabilities and commitments (to the extent not provided for)	0	0
11.2	Amount due to MSME Units	0	0
11.3	Earnings per share		
	Profit After Tax	7,866	2,196
	Number of Equity Shares	1,00,700	1,00,700
	Earning Per Share		
	Basic	0.08	0.02
	Diluted	0.08	0.02

11.4 Provision for Deferred Tax: NIL (Previous Year Nil)

11.5 Expenditure/Earnings in foreign currency

The company has no earnings and expenditure in foreign exchange during the year. Previous Year (NIL)

Note 12: Previous year's Figures

The Revised Schedule VI has become effective for the financial year commencing from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date**For JOSEPH & RAJARAM**

Chartered Accountants

Firm Reg. No. 001375S

For and on behalf of the Board of Directors

Sd/-

R.Lakshminarayanan,

Partner

Membership No. 16246

Sd/-

L. Krishnan

Director

Sd/-

Sheela Balakrishnan, IAS

Director

Place : Chennai

Date : 29.06.2012

TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To

The Members

Yours Directors have great pleasure in presenting the Fifteenth Annual Report of the Company together with the audited financial Statement for the year ended 31st March 2012.

1. Operations

Your Company is a service company, managing the following funds / institutions :

- a) Tamil Nadu Urban Development Fund (TNUDF), a Trust formed by Government with private sector participation, for providing long term finance for implementation of urban infrastructure projects. TNUDF is the first public private partnership providing finance to Urban Local Bodies (ULBs) on a non-guarantee mode.
- b) Water and Sanitation Pooled Fund (WSPF), a Trust formed and wholly owned by Government, for providing capital market access to ULBs under pooled financing framework.
- c) Capital Grant Funds created by Government of Tamil Nadu for providing capital grant / viability gap fund for urban infrastructure projects implemented by ULBs.
- d) Consultancy Grant Funds created by Government of Tamil Nadu for providing technical assistance to ULBs and other entities for preparation of feasibility studies, detailed project reports, supervision, implementation and management of urban infrastructure projects.
- e) Tamil Nadu Road Infrastructure Fund (TURIF), a non-lapsable fund created by Government of Tamil Nadu to implement Tamil Nadu Road Urban Infrastructure Project (TURIP). The objective of TURIP is to develop and maintain a sustainable urban road infrastructure in ULBs.

- f) Chennai Mega City Development Fund created by Government of Tamil Nadu for assisting Corporation of Chennai and Chennai Metropolitan Water Supply and Sewerage Board to implement various urban infrastructure projects in Chennai and its Suburban areas under Chennai Mega City Development Mission.

Your Company undertakes the functions of project development, project appraisals, loan sanction and disbursement, loan and recovery management, treasury management and other advisory services. By the continuous efforts taken by the Company, TNUDF has achieved 100% collection efficiency consecutively for the past eight financial years.

In addition to the above, your Company enlarged its scope by providing project advisory, financial advisory, management and other consultancy services to various clients. During the current financial year, your Company has provided the following consultancy services:

- Preparation of Financial Model for the proposed construction of Multi-Storey office Building at Nandanam for Tamil Nadu Slum Clearance Board.
- Preparation of Sustainable Revenue Model for Koyambedu Wholesale Market Complex managed by Market Management Committee.
- Preparation of Architectural plan for construction of flats in Foreshore Estate for Tamil Nadu Housing Board.

In addition to the above consultancy assignments such as Transaction Advisory Services for Ashok Nagar and Koyembedu vacant lands development in Public Private Participation mode for Tamil Nadu Housing Board, Appointment of Consultant for Consulting services for Transaction Advisory for development of bus terminals and depots for Metropolitan Transport Corporation (Chennai) Ltd and other Tamil Nadu State Transport Corporations and Consultancy on Transaction Advisory Services for joint Development of Properties by Tamil Nadu Housing Board with private land owners.

2. FINANCIAL RESULTS

The summarized financial results of your Company for the financial year 2011 - 12 are furnished below:

(` in lakhs)

DETAILS	2011-12	2010-11
Income	638.59	623.23
Expenditure	293.79	302.83
Profit Before Tax	344.80	320.40
Profit After Tax	241.78	216.17
Surplus brought forward	964.93	805.39
Amount available for appropriations	1206.71	1021.55
Appropriations:		
Transfer to General Reserve	24.18	21.62
Proposed dividend	30.02	30.02
Tax on dividend	4.87	4.99
Surplus carried to Balance Sheet	1147.64	964.93
Net Profit on income (%)	37.86	34.69
Return on Net worth (%)	17.14	17.96
Earnings per share (`)	24.16	21.60

3. DIVIDEND

Your Directors are happy to recommend a Dividend @ 30% on paid up equity share capital for the financial year ended 31.3.2012. The dividend (` 30.02 lakhs) together with dividend tax ( ` 4.87 lakhs) absorbs a sum of ` 34.89 lakhs.

4. STATUTORY INFORMATION

Throughout the period of the financial year none of the employees was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

The information as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 with regard to the conservation of energy and technology absorption are not applicable to the Company.

The Company has not earned any foreign exchange and outgo during the financial year 2011-12.

No manufacturing activities have taken place and hence the conservation of energy is not applicable.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, on the Directors' Responsibility Statement, the Directors confirm that:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the year and of the Profit of the company, for the that period;
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. that the directors have prepared the annual accounts on a going concern basis.

6. DIRECTORS

The following changes have taken place in the Board of Directors of the Company since the last Annual General Meeting.

Mrs. Sheela Balakrishnan, IAS, Additional Chief Secretary to Government has been appointed as Director in the place of Dr.S.Karuthiah Pandian, IAS. Mr.Vivek Vasudevan, Nominee Director of ICICI has resigned from the Board of TNUIFSL.

As per the Articles of Association, at every Annual General Meeting, one third of the Directors (other than the Chairman, Chief Executive Officer and one ICICI nominee) who have been longest in office since their appointment are liable to retire by rotation. Accordingly,

Mr.Chandrakant B Kamble IAS and Mr.S.Krishnan, IAS are to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

7. AUDIT

M/s. Joseph & Rajaram, Chartered Accountants, Chennai have been appointed as the statutory auditors who have audited the accounts of the Company for the financial year 2011-2012.

8. SECRETARIAL COMPLIANCE

As per the amendment to the Companies Act, 1956 the Company has to file with the Registrar of Companies a Compliance Certificate from a Secretary in whole time practice and a copy of such Certificate shall be attached to the Report of the Board of Directors. Accordingly, a Compliance Certificate is attached.

9. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Government of India, Government of Tamil Nadu, World Bank, Japan Bank for International Cooperation, KfW, ICICI Bank, IL & FS Financial Services Limited, Housing Development Finance Corporation Limited, Banks, Urban Local Bodies, Internal Auditors and Statutory Auditors. Your Directors have pleasure in recording their appreciation of the dedicated services rendered by the employees at all levels.

For and on behalf of the Board of Directors

Place: Chennai – 600 017

Sd/-

Date: 24-08-2012

Chairperson & Managing Director

T. MURUGAN B.Sc., ACA., ACS
Practicing Company Secretary

22-E, Sri Subah Colony,
Munuswamy Road, K.K. Nagar,
Chennai – 600 078.
Ph: 24847075, 9381035900
murugantmp@yahoo.co.in

COMPLIANCE CERTIFICATE

CIN: U67190TN1996PLC036865

To

The Members

M/S TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED,
112, Theagaraya Road, "Vairam Complex" First Floor,
T. Nagar, Chennai - 600 017.

I have examined the registers, records, books and papers of M/S TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED, (the company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
- The company has duly filed the Forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under.
- The company being a public limited company, the provisions of section 3(1) (iii) are not applicable to this company.
- The Board of Directors duly met 4 times on 29-06-2011, 16-09-2011, 09-12-2011, and 28-03-2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minute's book maintained for the purpose.
- The company has not opted to close its Register of Members during the year.
- The Annual General Meeting for the year ended on 31st March, 2011 was held on 16th September, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
- No Extraordinary General Meeting(s) was held.
- The company has not advanced any loans to its directors as referred in section 295 of the Act or as per the Articles of Association of the company.
- The company has duly complied with the provisions of section 297 of the Act.
- The company has made necessary entries in the Register maintained under section 301 of the Act.

- As there was no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
- The Company has not issued any Duplicate Share Certificate during the financial year.
- The Company has:
 - i. Transfer of shares made during the financial year under review, the provisions of the Act complied with.
 - ii. Deposited amount in a separate bank account as 30% dividend was declared during the financial year;
 - iii. Paid / posted warrants for dividends to all the members as dividend was declared during the financial year;
 - iv. not transferred the amounts in unpaid dividend account , application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund , since no outstanding dividend payable by the company;
 - v. Duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the Appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies have been duly made.
- The company has appointed Managing Director during the financial year under review; the provisions of the Act complied with.
- The company has not appointed any sole-selling agents during the financial year.
- The company has no instances to obtain approvals from statutory authorities under the Act.
- The Directors have disclosed their interest in other firms /companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
- The Company has not issued any shares/debentures /other securities during the financial year.
- The Company has not bought back shares during the financial year.
- There was no redemption of any preference shares /debentures during the financial year.
- There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares in compliance of the Act.
- The Company has not invited / accepted any deposits including any unsecured loan or advances falling with in the purview of sec.58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.

- The Company has complied with the provisions under section 293(1)(d) of the Act.
- The company has neither made any inter-corporate loans or investments, nor given any guarantee or security to any body corporate.
- The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny.
- The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
- The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
- The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
- The Company has not altered its Articles of Association during the financial year.
- There was no prosecution initiated against the company for alleged offences under the Act and not received show cause notices.
- The company has not received any money as security from its employees during the year.
- The company has no separate PF Trust on its own as envisaged under section 418 of the Act.

Place : Chennai
Date : 19-06-2012

Signature : Sd/-
Name of Company Secretary: T.Murugan
C.P.No: 4393

Annexure A

Registers maintained by the Company

1. Register of Members
2. Register of Directors.
3. Register of Directors' Shareholding.
4. Minutes of Board Meetings.
5. Minutes of General Body Meeting.
6. Register of Charges
7. Register of Investments.

Annexure B

1. Form 32 filed on 05-07-2011 SRN: B15604069
2. Form 32 filed on 06-07-2011 SRN: B15644321
3. Form 32 filed on 08-07-2011 SRN: B15815483
4. Form 23 filed on 08-07-2011 SRN: B15815780
5. Form 25C filed on 22-07-2011 SRN: B16691032
6. Form 32 filed on 10-10-2011 SRN: B22396972
7. Form 66 filed on 10-10-2011 SRN : P72051022
8. Form 23 filed on 11-10-2011 SRN: B22529390
9. Form 23AC & ACA filed on 12-10-2011 SRN: P72410582
10. Form 20B filed on 12-10-2011 SRN: P72411572
11. Form 32 filed on 23-01-2012 SRN: B30298053

AUDITORS' REPORT
To The Members Of
TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of Tamil Nadu Urban Infrastructure Financial Services Limited as at 31 March 2012, the Profit and Loss Account of the Company for the year ended on that date and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a. we have 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 by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

- e. On the basis of the written representations/declarations received from the Directors (other than Nominee Directors exempt from the provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, vide Department of Company Affairs General Circular No.8/2002 dated 22 March 2002), and taken on record by the Board of Directors, none of the said Directors of the Company is disqualified as at 31 March 2012, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- f. in our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of cash flow statement of the cash flows for the year ended on that date.

For JOSEPH & RAJARAM
(Firm Regn No.001375S)
Chartered Accountants

Sd/-
R. LAKSHMINARAYANAN
PARTNER.
Membership No. 16246

Place : Chennai
Date : 19/06/2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business during the year is such that Clauses 4 (ii), 4(iii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the services rendered by the Company and we have not observed any significant continuing failure to correct major weaknesses in such internal controls during the course of our audit. The company does not purchase any inventory nor does it sell any goods in the ordinary course of its business.
- (iv) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act 1956.
- (v) The company has not accepted any deposits from the public.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

(vii) In respect of Statutory dues:

- a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that the Employees State Insurance Act is not applicable to the Company.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax and other material statutory dues applicable to the Company where in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
- c. According to the information and explanation given to us, there are no dues of Income tax which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.

(ix) in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.

(x) during the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xi) the company has not issued any secured debentures during the year.

(xii) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **JOSEPH & RAJARAM**
(Firm Regn No.001375S)
Chartered Accountants,

Sd/-
R. LAKSHMINARAYANAN
PARTNER
Membership No. 16246

Place : Chennai
Date : 19/06/2012

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2012

	Note No.	As At 31.03.2012	As At 31.03.2011
I. EQUITY AND LIABILITY			
Shareholders' Funds			
a. Share Capital	3	1,00,07,000	1,00,07,000
b. Reserves & Surplus	4	13,10,60,594	11,03,71,390
Non Current Liabilities			
a. Long Term Borrowings		0	0
b. Other Long Term Liabilities		0	0
c. Long Term Provisions		0	0
Current Liabilities			
a. Short Term Borrowings		0	0
b. Trade Payables		0	0
c. Other Current Liabilities	5	25,85,050	39,13,923
d. Short Term Provisions	6	3,83,70,823	4,64,34,086
Total		18,20,23,467	17,07,26,399
II. ASSETS			
1.Non Current Assets			
a. Fixed Assets (Net Block)			
i. Tangible Assets	7	40,74,789	40,15,853
ii. Intangible Assets		0	0
iii. Capital work in progress		0	0
iv. In-tangible Assets under development		0	0
b. Non-current Investments	8	3,19,00,000	3,19,00,000
c. Deferred Tax Asset (Net)	17.7	5,21,869	1,73,657
d. Long-term Loans and Advances		0	0
e. Other Non-current Assets		0	0
2. Current Assets			
a. Current Investments		0	0
b. Inventories		0	0
c. Trade Receivables	9	9,27,585	17,62,143
d. Cash and Cash Equivalents	10	10,61,08,194	8,71,00,051
e. Short Term Loans and Advances	11	16,97,683	12,36,806
f. Other Current Assets	12	3,67,93,347	4,45,37,889
Total		18,20,23,467	17,07,26,399
Notes including Significant Accounting Policies	1 to 18		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For **JOSEPH & RAJARAM**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R.Lakshminarayanan

Partner

Membership No. 16246

For and on behalf of the Board of Directors

Sd/-

S.P.Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

A.Jayaraman

Vice President & Company Secretary

Place : Chennai

Date : 19.06.2012

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	Year ended 31st March 2012	Year ended 31st March 2011
I. Revenue from Operations	13	5,14,98,479	5,44,04,970
II. Other Income	14	1,23,61,034	79,18,234
III. Total Revenue (I+II)		6,38,59,513	6,23,23,204
IV. Expenses			
Employee Benefits	15	1,86,16,491	1,65,19,997
Finance Cost		0	0
Depreciation and amortization Expenses	7	9,91,289	10,46,417
Other Expenses	16	97,71,625	1,27,16,852
Total Expenses		2,93,79,405	3,02,83,266
V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		3,44,80,108	3,20,39,938
VI. Exceptional Items		0	0
VII. Profit Before Extraordinary Items and Tax (V - VI)		3,44,80,108	3,20,39,938
VIII. Extraordinary Items		0	0
IX. Profit Before Tax (VII - VIII)		3,44,80,108	3,20,39,938
X. Tax Expense			
1. Current Tax		1,06,50,000	1,04,25,000
2. Deferred Tax	17.7	(3,48,212)	(1,811)
XI. Profit for the year from continuing operations (IX-X)		2,41,78,320	2,16,16,749
XII. Earnings Per Share (Basic & Diluted)	17.6	24.16	21.60
Notes including Significant Accounting Policies	1 to 18		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For **JOSEPH & RAJARAM**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R.Lakshminarayanan

Partner

Membership No. 16246

For and on behalf of the Board of Directors

Sd/-

S.P.Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

A.Jayaraman

Vice President & Company Secretary

Place : Chennai

Date : 19.06.2012

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

		Year ended 31st March 2012	Year ended 31st March 2011
A.	Cash flow From Operating Activities		
	Profit before Tax	3,44,80,108	3,20,39,938
	Add: Depreciation	9,91,289	10,46,417
	Loss / (Profit) on sale of Fixed Assets	(41,178)	(64,249)
	Operating Profit before Working Capital Changes	3,54,30,219	3,30,22,106
	Adjustments for		
	(Increase) / Decrease in Current Assets	(20,670)	(25,92,350)
	(Increase) / Decrease in Loans and Advances	1,97,430	6,49,85,805
	Increase / (Decrease) in Current Liabilities & Provisions	(10,05,540)	17,75,477
	Cash Generated from Operations	3,46,01,439	9,71,91,038
	Less: Income Tax paid	(1,10,83,537)	(1,06,09,769)
	Net Cash from Operating Activities (A)	2,35,17,902	8,65,81,269
B.	Cash flow from Investing Activities		
	Sale of Assets	1,46,000	1,89,473
	Purchase of assets	(11,55,047)	(24,09,743)
	Purchase of investment	0	(3,19,00,000)
	Net Cash From Investing Activities (B)	(10,09,047)	(3,41,20,270)
C.	Cash Flow from Financing Activities		
	Dividend & Dividend Tax Paid	(35,00,712)	(35,12,307)
	Net Cash from Financing Activities (C)	(35,00,712)	(35,12,307)
D.	Net Increase in Cash and Cash Equivalents (A+B+C)	1,90,08,143	4,89,48,692
	Cash and Cash equivalents at the beginning of the Accounting period	8,71,00,051	3,81,51,359
	Cash and Cash equivalent at the end of the Accounting period	10,61,08,194	8,71,00,051
Notes including Significant Accounting Policies 1 to 18			

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For **JOSEPH & RAJARAM**

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R.Lakshminarayanan

Partner

Membership No. 16246

For and on behalf of the Board of Directors

Sd/-

S.P.Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

A.Jayaraman

Vice President & Company Secretary

Place : Chennai

Date : 19.06.2012

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2012.

Note 1: Corporate Information:

The Company has been providing fund and other management services to Tamil Nadu Urban Development Fund, Water and Sanitation Pooled Fund and various Government Grant Funds. The services include project development, project appraisal, project scheduling, resource mobilization, financial advisory, supervision and recovery management etc.

Note 2: Significant Accounting Policies:

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(b) Fixed Assets

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to working condition for its intended use.

(c) Depreciation

Depreciation on Fixed Assets is provided pro-rata on the basis of the Written Down Value method using the rates prescribed in Schedule XIV of the Companies Act, 1956. However, individual assets costing less than or equal to ` 5,000/- each are fully depreciated in the period of acquisition.

(d) Investments

Current Investments are valued at lower of cost or market value. Long term investments are usually carried at cost.

(e) Management and Other Fees

Management and other Fees are recognized as per contractual obligations on project basis with institutions whose funds are being monitored by the company.

(f) Employee Retirement Benefits

Defined Contribution Plans:

Contributions to Employees Provident Fund are deposited with the Employees' Provident Fund Organization and the Company's contribution to the Fund is charged to Profit and Loss Account each year.

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2012.

Defined Benefit Plans:

The Company has covered its Gratuity and Superannuation liabilities with the Life Insurance Corporation of India (LIC) and the premium paid to LIC is charged to Profit and Loss Account. The premium amount in the case of Gratuity is determined on the basis of the actuarial valuation done each year by LIC.

Other Long Term Employee Benefits:

The liability on account of Leave Encashment by the employees is provided for based on actuarial valuation done each year.

(g) Impairment of Assets:

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard.

(h) Taxes on Income:

Current Tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being the difference between taxable income and the accounting income that originate in one year. Deferred Tax assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted by the balance sheet date. Deferred tax Assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(i) Provisions, Contingent Liability & Contingent Assets:

Provisions are recognized when there is a present obligation as result of a past event and it is probable that outflows will be required to settle the obligation, which can be reliably estimated.

Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Contingent assets are neither recognized nor disclosed.

(j) Preliminary Expenses:

Preliminary expenses incurred by the company are fully written off in the first accounting period.

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 3: Share Capital

Particulars	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	`	No. of Shares	`
a) Authorised Equity shares of `10 each with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
(b) Issued, Subscribed and Fully paid-up Equity shares of `10 each with voting rights	10,00,700	1,00,07,000	10,00,700	1,00,07,000

(c) Equity Reconciliation

Particulars	Opening Balance as on 01.04.2011	Fresh Issue	Closing Balance as on 31.03.2012
Equity shares with voting rights			
Year ended 31st March, 2012			
- Number of shares (Face Value of `10 each)	10,00,700	0	10,00,700
- Amount (`)	1,00,07,000	0	1,00,07,000
Year ended 31st March, 2011			
- Number of shares (Face Value of `10 each)	10,00,700	0	10,00,700
- Amount (`)	1,00,07,000	0	1,00,07,000

(d) Details of shares held by each shareholder holding more than 5% shares:

Class of Shares / Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	Number of Shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
Equity shares with voting rights				
Government of Tamil Nadu	490000	48.97%	490000	48.97%
ICICI Bank Ltd	189986	18.99%	189986	18.99%
IL&FS Financial Services Ltd.	170014	16.99%	170014	16.99%
Housing Development Financial Corporation Ltd	150000	14.99%	150000	14.99%

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 4: Reserves and Surplus

Particulars	As at 31st March 2012	As at 31st March 2011
(a) General reserve		
Opening balance	1,38,78,667	1,17,16,667
Add: Transferred from surplus in Statement of Profit and Loss	24,18,000	21,62,000
Closing balance (a)	1,62,96,667	1,38,78,667
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	9,64,92,723	8,05,38,686
Add: Profit / (Loss) for the year	2,41,78,320	2,16,16,749
	12,06,71,043	10,21,55,435
Less:		
Dividends proposed to be distributed to Equity Shareholders (` 3 per share)	30,02,100	30,02,100
Tax on dividend	4,87,016	4,98,612
Transferred to General reserve	24,18,000	21,62,000
Closing balance (b)	11,47,63,927	9,64,92,723
Total (a + b)	13,10,60,594	11,03,71,390

Note 5 : Other Current Liabilities

Particulars	As at 31st March 2012	As at 31st March 2011
Other Payables		
(i) Statutory remittances	71,090	1,65,315
(ii) Contractually reimbursable expenses	25,13,960	37,48,608
(iii) Others	0	0
TOTAL	25,85,050	39,13,923

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 6: Short-term Provisions

Particulars	As at 31st March 2012	As at 31st March 2011
(a) Provision for employee benefits:		
(i) Provision for earned leave	14,72,817	11,49,484
(ii) Others	0	0
(b) Provision - Others:		
(i) Provision for Income tax	3,34,08,890	4,17,83,890
(ii) Provision for proposed equity dividend	30,02,100	30,02,100
(iii) Provision for tax on proposed dividend	4,87,016	4,98,612
(iv) Provision - others	0	0
Total	3,83,70,823	4,64,34,086

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

Note 7: Fixed Assets (Amount in `)

Particulars	Gross Block				Depreciation					Net Block	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Rate	As at 01.04.2011	For the Year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Computer Equipments & Software	20,24,551	0	0	20,24,551	40.00%	13,80,846	2,57,482	0	16,38,328	3,86,223	6,43,705
Office Equipment	17,97,330	34,500	0	18,31,830	13.91%	7,63,872	1,46,173	0	9,10,045	9,21,785	10,33,458
Furniture & Fixtures	17,78,825	1,00,989	0	18,79,814	18.10%	11,96,775	1,11,461	0	13,08,236	5,71,578	5,82,050
Vehicles	27,84,637	10,19,558	4,91,865	33,12,330	25.89%	10,27,997	4,76,173	3,87,043	11,17,127	21,95,203	17,56,640
Total	83,85,343	11,55,047	4,91,865	90,48,525		43,69,490	9,91,289	3,87,043	49,73,736	40,74,789	40,15,853
Previous Year	74,33,244	24,09,743	14,57,644	83,85,343		46,55,493	10,46,417	13,32,420	43,69,490	40,15,853	27,77,751

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 8: Non-current Investments

Particulars	As at 31st March 2012	As at 31st March 2011
	Unquoted	Unquoted
Investments (At cost):		
A. Trade		
B. Other investments (Long Term)		
Investment in Debentures or Bonds of Other entities		
7.50% -10 years Unsecured Redeemable non convertible tax free pooled finance development bonds of ` 1,00,000 each issued under the pooled finance development fund scheme of Government of India by Water and Sanitation Pooled Fund (319 numbers)	3,19,00,000	3,19,00,000
Total	3,19,00,000	3,19,00,000

Note 9: Trade Receivables

Particulars	As at 31st March 2012	As at 31st March 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	7,40,075	7,40,075
Other Trade receivables		
Unsecured, considered good	1,87,510	10,22,068
Total	9,27,585	17,62,143

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 10 : Cash and Cash Equivalents

Particulars	As at 31st March 2012	As at 31st March 2011
	`	
(a) Cash on hand	0	0
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	17,08,194	21,00,051
(ii) In deposit accounts	10,44,00,000	8,50,00,000
Total	10,61,08,194	8,71,00,051

Note 11 : Short-term Loans and Advances

Particulars	As at 31st March 2012	As at 31st March 2011
	`	
(a) Loans and advances to related parties	0	0
(b) Security deposits - 'Unsecured, considered good'		
Rental Deposit	7,06,860	6,73,200
Telephone Deposit	11,750	11,750
(c) Loans and advances to employees - 'Unsecured, considered good'		
Festival Advance	78,777	1,01,598
Travelling and other advances	40,831	9,734
(d) Prepaid expenses – 'Unsecured, considered good'	6,06,030	4,38,446
(e) Others - 'Unsecured, considered good'		
Service Tax	0	1,669
Advance with ELCOT for Purchase of Computer	2,53,434	286
Balance in DEMAT account	1	123
Total	16,97,683	12,36,806

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 12 : Other Current Assets

Particulars	As at 31st March 2012	As at 31st March 2011
(a) Accruals		
(i) Interest accrued on deposits	15,81,072	7,25,844
(ii) Interest accrued on investments	13,37,178	13,37,178
(b) Others		
(i) Advance tax and TDS	3,38,54,647	4,17,96,110
(ii) Amount receivable from Government	20,450	6,78,757
Total	3,67,93,347	4,45,37,889

Note 13 : Revenue from Operations

Particulars	As at 31st March 2012	As at 31st March 2011
Sale of Services - Revenue from Operations		
Appraisal fees	3,09,61,327	3,24,85,922
Supervision & recovery fees	1,84,63,680	1,57,83,548
Treasury Management Fees	2,62,553	1,66,650
Professional fees	18,10,919	59,68,850
Service tax collected	54,53,348	55,52,820
	5,69,51,827	5,99,57,790
Less: Service tax paid	54,53,348	55,52,820
Total	5,14,98,479	5,44,04,970

Note 14 : Other Income

Particulars	As at 31st March 2012	As at 31st March 2011
(a) Interest Income		
On Investments(Tax-free)	23,92,500	13,37,178
On Term Deposits	99,17,340	64,89,144
(b) Other non-operating income		
Profit on sale of Fixed Assets	41,178	77,350
Miscellaneous Income	10,016	14,562
Total	1,23,61,034	79,18,234

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012.

Note 15 : Employee Benefits

Particulars	As at 31st March 2012	As at 31st March 2011
Salaries and wages	1,55,50,339	1,38,56,179
Contributions to provident and other funds	20,89,415	17,58,635
Staff welfare expenses	9,76,737	9,05,183
Total	1,86,16,491	1,65,19,997

Note 16 : Other Expenses

Particulars	As at 31st March 2012	As at 31st March 2011
Rent	13,63,230	13,46,400
Electricity	3,05,387	3,59,925
Repairs and maintenance - Others	2,37,492	2,27,674
Insurance	78,320	78,526
Rates and taxes	27,660	19,911
Communication	4,92,187	5,59,838
Travelling and conveyance	31,58,733	31,45,335
Printing and stationery	2,44,425	2,80,517
Legal and professional charges	23,15,461	53,51,104
Payments to auditors - Audit fees	60,000	60,000
- Tax audit fees	15,000	15,000
Loss on fixed assets sold / scrapped / written off	0	13,101
Office Expenses	10,99,646	8,42,730
Advertisement	0	80,000
Security Charges	1,29,600	1,27,800
Prior Period Expenses	12,164	0
Miscellaneous expenses	2,32,320	2,08,991
Total	97,71,625	1,27,16,852

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

Note 17: Additional information to the financial statements

Note	Particulars	As at 31st March, 2012	As at 31st March 2011
17.1	Contingent liabilities and commitments (to the extent not provided for)	0	0
17.2	Amount due to MSME Units	0	0

Employee benefit plans

17.3: Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. The contribution to the fund is charged to Profit And Loss Account.

17.4: Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Leave Encashment
- iii. Superannuation

17.5: The following table sets out the funded status of the defined benefit schemes and the amount recognized in the financial statements:

The Company has defined benefit scheme in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India (LIC) through the Gratuity Fund as per the scheme framed by LIC. The disclosure under AS -15 (Revised) in this regard is given hereunder:

Changes in present value of obligations as on 31.03.2012

	In lakhs
Present Value of Obligations on 01/04/2011	8.54
Interest Cost	0.68
Current Service Cost	1.46
Benefits paid	(1.31)
Actuarial (gain)/loss on obligations	8.73
Present Value of Obligations as on 31 / 03 / 2012	18.10

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

Changes in fair value of plan assets

In lakhs

Fair Value of plan assets as on 01/04/2011	13.94
Expected return on plan assets	1.33
Contributions	5.18
Benefits Paid	(1.31)
Actuarial (gain)/loss on plan assets	nil
Fair Value of plan assets as on 31 / 03 /2012	19.14

Reconciliation of present value of obligation and fair value of plan assets

In lakhs

Present Value of Obligations as at the end of the year	18.10
Fair value of plan assets as on 31/03/2012	19.14
Liability recognized in the Balance Sheet	(1.04)

Principal Assumptions used in determining post-employment benefit

Discount Rate	8.00%
Salary Escalation	8.00%
Expected return on plan assets	9.00%

Investment details of plan assets

Entire plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India under its Group Gratuity Scheme.

17.6: Earnings Per Share

Particulars	As at 31st March 2012	As at 31st March 2011
Profit After Tax	2,41,78,320	2,16,16,749
Number of Equity Shares	10,00,700	10,00,700
Earning Per Share		
Basic	24.16	21.60
Diluted	24.16	21.60

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

17.7: Deferred Tax

Particulars	As at 31st March 2012		As at 31st March 2011	
	`			
Deferred Tax Asset - Opening		1,73,657		1,71,846
Additions during the year				
On Fiscal Allowances on Fixed Assets	44,656		23,153	
On account of profit on sale of Fixed Assets	(13,360)		(21,342)	
On account of changes in tax rate	(4,039)		0	
On account of timing differences (Section 43B of the Income Tax Act, 1961)	3,20,955		0	
Amount to be (debited)/credited to Profit & Loss Account		3,48,212		1,811
Deferred Tax Asset - Closing		5,21,869		1,73,657

Note	Particulars	As at 31st March, 2012	As at 31st March 2011
17.8	Expenditure in foreign currency	0	0
17.9	Earnings in foreign currency	0	0

Note 18: Previous year's figures

The Revised Schedule VI has become effective for the financial year commencing from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For JOSEPH & RAJARAM

Chartered Accountants

Firm Reg. No. 001375S

Sd/-

R.Lakshminarayanan

Partner

Membership No. 16246

For and on behalf of the Board of Directors

Sd/-

S.P.Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

A.Jayaraman

Vice President & Company Secretary

Place : Chennai

Date : 19.06.2012

WATER AND SANITATION POOLED FUND

Activity Report for the financial year 2011-12

1. Background

Water and Sanitation Pooled Fund (WSPF), a Trust wholly owned by Government, has been created in the year 2002 to mobilize resources from the capital market and to finance urban infrastructure projects. This Fund has been functioning on no-profit no-loss basis. This is the first entity in the country to mobilize resources on the pooled finance framework.

The Government of Tamil Nadu has designated WSPF as the State Pooled Finance Entity under Pooled Finance Development Fund Scheme and authorized it to operate according to the guidelines issued by the Government of India.

2. Objectives of WSPF

The objectives of WSPF are:

1. Mobilize resources for urban infrastructure projects under pooled finance structure,
2. Provide financial assistance for setting up infrastructure projects,
3. Enable urban local bodies to access debt finance from market and
4. Act as Nodal Agency on behalf of Central and / or State Government for water, sanitation and / or any other infrastructure projects.

3. Management of WSPF

WSPF is managed by Board of Trustees, headed by Chief Secretary to Government. The Board of Trustees comprises of officials of Government of Tamil Nadu as detailed below:

Chief Secretary to Government	Chairman
Additional Chief Secretary to the Government, MA & WS Department	Member
Additional Chief Secretary to the Government, Planning & Development Department	Member
Principal Secretary to the Government, Finance Department	Member
Secretary to the Government, Housing & Urban Development Department	Member
Chairperson and Managing Director, TNUIFSL	Member - Secretary

The Board of Trustees of the Fund prescribes policies and procedures for the operation of the Fund. WSPF is functionally operated by the Fund Manager viz., Tamil Nadu Urban Infrastructure Financial Services Limited.

4. Resource mobilization

i. Previous Pooled Bond Issues

WSPF had raised a sum of ₹ 120.30 crores by issue of bonds under pooled bond framework as detailed below:

1	Amount (₹ in crores)	30.41	6.70	83.19
2	Interest rate	9.20%Taxable	7.25%Tax-free	7.50%Tax-free
3	Rating	AA(SO)	AA(SO)	AA(SO)
4	Tenor	15 Years	10 years	10 years
5	Redemption	15 years, with put /call option at end of the 10 th year	5 years from year 6 to 10	5 years from year 6 to 10, with put/call option at the end of 7 th year
6	No. of beneficiary ULBs	13	7	7
7	Bond Service Fund / Credit Rating Enhancement Fund (₹ in crores)	6.90	1.50	18.50
8	Month and Year	December 2002	Feb-April 2008	September 2010
9	Balance outstanding as on 31.03.2012 (₹ in crores)	12.16	6.70	83.19

ii. National River Conservation Project (NRCP)

During the year 2003, the Government nominated the WSPF as the nodal agency for arranging funds (towards State Government's Contribution) for implementation of the Under Ground Sewerage Projects under NRCP. Accordingly, a sum of ₹ 93.99 crores has been borrowed by WSPF from Tamil Nadu Urban Development Fund towards State Government's share of contribution under NRCP and the same has been provided for implementation of the schemes. The balance outstanding as on 31.03.2012 is ₹ 62.57 crores. The debt service of loans borrowed by WSPF is provided by Government of Tamil Nadu through budgetary allocation, every year.

iii. Pooled bonds under Sustainable Municipal Infrastructure Financing - TN Program

The Government and KfW, the German funding agency have nominated WSPF as an agency for raising resources by way of issue of taxable pooled bonds under Sustainable Municipal Infrastructure Financing - TN (SMIF-TN) Program. Under SMIF-TN Program, KfW shall provide ` 65 crores (Euro 10 million) as subordinated loan to WSPF through Government of Tamil Nadu to facilitate the issue of taxable pooled bonds by WSPF. The Government of Tamil Nadu shall provide a sum ` 19 crores as grant towards cash collateral for the issue of bonds. Accordingly, a sum of ` 32.50 crores has been received as loan from Government during the financial year 2010-11 and a sum ` 19 crores as grant from Government during the financial year 2011-12. It is proposed to issue taxable pooled bonds for ` 102 crores during the financial year 2012-13.

5. Accounts and Audit

The Accounts for the financial year 2011-12 have been audited by M/s. Ponraj & Co., Chartered Accountants, Chennai.

6. Acknowledgment

The Board of Trustees wish to place on record their appreciation of the assistance and co-operation extended to the Trust by Government of India, Government of Tamil Nadu, Commissioner of Municipal Administration, USAID, KfW, subscribers to the Bond Issues, Bankers, Arrangers, Underwriters, Credit Rating Agencies, Urban Local Bodies and Statutory Auditors.

Sd/-
Member Secretary, WSPF

AUDITORS' REPORT

TO THE TRUSTEES OF WATER AND SANITATION POOLED FUND

We have audited the attached Balance Sheet of Water and Sanitation Pooled Fund, a Trust wholly owned by Government of Tamil Nadu, as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by the Law have been kept so far as it appears from our examination of such books.
- c. The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d. The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given :
 - i. In the case of the Balance Sheet, of the state of affairs of **the Water and Sanitation Pooled Fund** as at 31.03.2012.
 - ii. In the case of the Income and Expenditure Account, the nil surplus or deficit of the Trust for the year ended on that date, subject to the adjustment of Rs.32,35,172/- to GoTN Account being the loss due to operation (interest loss), as detailed in Note No.2.2 of Notes to Accounts, enclosed.

For **Ponraj & Co.,**
Chartered Accountants
Firm's Registration No.002672S
Sd/-

A. Selva Ganesh
Partner
Membership No. 028211

Place : Chennai
Date : 29/6/2012

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

BALANCE SHEET AS AT 31st MARCH 2012

	Sche dules	As at 31.03.2012		As at 31.03.2011	
SOURCES OF FUNDS					
1. Contribution by settlor			10,000		10,000
2. Government Grant Account	A		86,12,71,958		56,08,60,055
3. Loans Borrowed	B		197,12,43,636		205,35,16,941
Total			283,25,25,594		261,43,86,996
APPLICATION OF FUNDS					
4. Loans Disbursed	C		161,71,14,442		169,64,71,879
5. Current Assets, Loans & Advances					
Current Assets	D	115,04,93,939		71,95,49,311	
Loans & Advances	E	13,59,61,900		25,80,63,852	
		128,64,55,839		97,76,13,163	
Less:					
6. Current Liabilities and Provisions					
Current Liabilities	F	7,10,44,687		5,96,98,046	
7. Net current Assets			121,54,11,152		91,79,15,117
Total			283,25,25,594		261,43,86,996

Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Reg. No. 002672S

For Water and Sanitation Pooled Fund

Sd/-

A.Selva Ganesh

Partner,

Membership No.028211

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

Sheela Balakrishnan, IAS

Trustee

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st March 2012

Particulars	Sche dules	For the Year 2011 - 2012	For the Year 2010 - 2011
INCOME			
Interest earned on Loans Disbursed	G	13,33,62,887	11,09,18,895
Project Development Grant		4,96,636	16,54,089
Total		13,38,59,523	11,25,72,984
EXPENDITURE			
Interest on Loans Borrowed	H	13,33,62,887	11,09,18,895
Project Development Expenses		4,96,636	16,54,089
Total		13,38,59,523	11,25,72,984
Excess of Income over Expenditure		0	0
Excess of Income over Expenditure brought forward from the previous year		0	0
Balance in Income over Expenditure carried forward to Balance Sheet		0	0

Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Reg. No. 002672S

For Water and Sanitation Pooled Fund

Sd/-

A.Selva Ganesh

Partner,

Membership No.028211

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

Sheela Balakrishnan, IAS

Trustee

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st March 2012

Receipts	For the Year 2011 - 2012	For the Year 2010 - 2011
Opening balances:		
-Cash on hand	0	0
-Balance in Savings Bank Accounts	12,98,300	36,88,992
-Balance in Public Deposit Account	32,50,00,000	0
-Balance in Term Deposit Account	34,96,61,044	14,68,38,104
Total (A)	67,59,59,344	15,05,27,096
Receipts:		
Loan Installment Received	9,54,11,035	6,43,83,916
Loan from Government of Tamil Nadu	0	32,50,00,000
Grant from Government of Tamil Nadu	23,00,15,500	4,00,15,500
Grant from Grant Fund I for expenses	68,85,882	19,00,709
Deposit matured with Financial Institutions	12,36,22,117	0
Front End Fees received	0	49,91,400
Interest on Deposits	4,72,80,518	2,79,32,139
CREF Grant from Government of Tamil Nadu	0	4,83,00,000
CREF Grant from Government of India	0	4,49,00,000
Bond proceeds by Issue of 7.50% PFDF Bonds	0	83,19,00,000
Total (B)	50,32,15,052	138,93,23,664
Total (A)+(B)	117,91,74,396	153,98,50,760
Payments:		
Payment to Bondholders	9,97,65,124	4,00,62,938
Expenses paid out of Grant from Grant Fund I	69,46,955	19,00,709
Professional Fees	21,441	1,103
Deposit with Financial Institutions	0	16,504
Loans Disbursed to ULBs	0	82,02,66,000
Project Development Expenses	4,96,636	16,44,162
Total (C)	10,72,30,156	86,38,91,416

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st March 2012

Payments	For the Year 2011 - 2012	For the Year 2010 - 2011
Closing balances :		
-Cash on hand	0	0
-Balance in Savings Bank Accounts	10,00,227	12,98,300
-Balance in Public Deposit Account	32,60,83,333	32,50,00,000
-Balance in Term Deposit Account	74,48,60,680	34,96,61,044
Total (D) (A+B-C)	107,19,44,240	67,59,59,344

In terms of our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Reg. No. 002672S

For Water and Sanitation Pooled Fund

Sd/-

A.Selva Ganesh

Partner,

Membership No.028211

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

Sheela Balakrishnan, IAS

Trustee

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2012

Particulars	As at 31.03.2012	As at 31.03.2011
SCHEDULE - A:		
Government Grant Account		
Government of Tamil Nadu Grant Account	47,63,29,602	20,33,42,480
Bond Service Fund	13,14,85,255	12,67,93,230
Credit Rating Enhancement Fund	24,80,33,241	22,53,43,662
Project Development Grant	54,23,860	53,80,683
Total	86,12,71,958	56,08,60,055
SCHEDULE - B:		
Loans Borrowed:		
9.20% 15 year Taxable Non-convertible Redeemable Bonds	12,16,39,998	14,19,13,332
7.25% 10 year Tax Free Pooled Finance Development Bonds	6,70,00,000	6,70,00,000
7.50% 10 year Tax Free Pooled Finance Development Bonds	83,19,00,000	83,19,00,000
Other Loans Borrowed	62,57,03,638	68,77,03,609
Loan from Government of Tamil Nadu	32,50,00,000	32,50,00,000
Total	197,12,43,636	205,35,16,941
SCHEDULE - C:		
Loans Disbursed:		
Loans Disbursed to ULBs	99,14,10,804	100,87,68,270
Other Loans	62,57,03,638	68,77,03,609
Total	161,71,14,442	169,64,71,879
SCHEDULE - D:		
Current Assets		
Balances with Scheduled Banks		
-in Savings Bank Accounts	10,00,227	12,98,300
-in Public Deposit Account	32,60,83,333	32,50,00,000
-in Term Deposit Accounts	74,48,60,680	34,96,61,044
Interest Accrued on Deposits	4,46,59,372	1,67,28,347
Interest Accrued on Loans Disbursed to ULBs	85,51,002	1,23,25,588
Interest Accrued on Public Deposit	1,30,00,000	10,83,333
Interest Accrued on Other Loans	1,23,39,325	1,34,52,699
Total	115,04,93,939	71,95,49,311

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2012

Particulars	As at 31.03.2012	As at 31.03.2011
SCHEDULE - E:		
Loans and Advances (Unsecured, Considered Good)		
Term Deposits with Financial Institutions	13,28,57,084	25,64,79,201
Amount receivable from ULBs	18,49,878	3,18,682
Other Advances & Receivables	19,854	30,885
Tax Deducted at source	12,35,084	12,35,084
Total	13,59,61,900	25,80,63,852
SCHEDULE - F:		
Current Liabilities:		
Interest payable to the bondholders	4,28,37,762	4,32,24,293
Interest payable on Government Loan	1,40,83,333	10,83,333
Interest payable on Other Loans	1,23,39,325	1,34,52,699
Other Liabilities	8,21,171	19,37,721
Received in advance from ULBs	9,63,096	0
Total	7,10,44,687	5,96,98,046
SCHEDULE - G:		
Interest earned on Loans Disbursed		
Interest earned on Loans to ULBs	7,99,18,093	5,41,33,990
Interest earned on Other Loans	5,34,44,794	5,67,84,905
Total	13,33,62,887	11,09,18,895
SCHEDULE - H:		
Interest on Loans Borrowed		
Interest on bonds issued	7,99,18,093	5,41,33,990
Interest on other Loans Borrowed	5,34,44,794	5,67,84,905
Total	13,33,62,887	11,09,18,895

WATER AND SANITATION POOLED FUND
(Trust wholly owned by Government of Tamil Nadu)

SCHEDULE - I

Significant Accounting Policies and Notes on Accounts (Year Ended 31.03.2012)

1. Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b. Investments

Current Investments are valued at lower of cost or market value. Long term investments are usually carried at cost.

c. Income Recognition

Interest on loans disbursed and investment income are recognized as per contract on accrual basis.

d. Expenditure

The expenses relating to Trust viz. setting up, registration, operations etc. are met from the Grant Fund / Project Development Grant.

e. Employee Retirement Benefits

At present there are no employees in the Trust. The Trust is managed by the Fund Manager on fee basis.

f. Borrowing Costs

Borrowing costs are capitalized as part of the cost of the qualifying asset when it is probable that they will result in future economic benefit to the Trust and the cost can be measured. Other borrowing costs are recognized as an expense in the year in which they are incurred.

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

SCHEDULE - I

Significant Accounting Policies and Notes on Accounts (Contd)

2. Notes on Accounts

2.1. Formation

The Government of Tamil Nadu (GoTN) vide G.O.(Ms).No. 113, Municipal Administration and Water Supply (MA II) Department, dated 19.08.2002 has ordered the setting up of Water and Sanitation Pooled Fund (WSPF) under the Indian Trust Act, 1882. Accordingly the WSPF was established as a Trust under the Indian Trust Act, 1882, by a Deed of Trust dated 20.08.2002. The Settler is the GoTN and being the only Contributor to the Trust, the Trust is wholly owned by the GoTN. This Trust has been set up as an entity not for profit but for playing an important role for common good and to serve the public and the Trust was expected to function as a mutual enterprise between the investors and Urban Local Bodies (ULBs) under the pooled financing framework.

2.2 GoTN Grant Account

The objective of the Trust is to mobilize funds and pass them on to ULB's for creation of infrastructure facilities, without any profit motive. Hence the Government ordered that all grants and amounts received from the GoTN, all grants and amounts disbursed as ordered by the GoTN and interest earned on deposits / investments made from the fund shall be accounted under the head GoTN Grant Account in the books of Trust. A sum of Rs.19 crores. has been received from Government of Tamil Nadu as grant to facilitate the issue of taxable pooled bond. The loss due to operation (interest loss) amounting to ` 32,35,172/- for the financial year 2011-12 has been adjusted against GoTN Grant A/c.

2.3.Credit Rating Enhancement Fund (CREF) Grant and Project Development (PD) Grant

Amount received from Government of Tamil Nadu and Government of India as grant towards CREF for the tax free bond issue under the Pooled Finance Development Fund (PFDF) Scheme of Government of India along with the interest earned on CREF deposit has been accounted as CREF Grant under the head Government Grant Account. Similarly, amount from Government of Tamil Nadu and Government of India as grant for meeting the project development and issue expenses for the tax free bond issue under the PFDF Scheme along with the interest earned has been accounted as project development grant under the head Government Grant Account.

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

SCHEDULE - I

Significant Accounting Policies and Notes on Accounts (Contd)

3. WSPF Bonds

A sum of Rs.30.41 crores. has been mobilized by issue of 9.20% 15 year Taxable Non-Convertible Redeemable Bonds during 2002. The principal bond balance as on 31.03.2012 is ` 12.16 crores. A sum of Rs.89.89 crores. has been mobilized by issue of Tax Free Pooled Finance Development Bonds (` 6.70 crores. @ 7.25% during 2008 and ` 83.19 crores. @ 7.50% during 2010). The principal bond balance as on 31.03.2012 is ` 89.89 crores.

4. Registration under section 12AA of the Income Tax Act 1961.

Water and Sanitation Pooled Fund has been registered as Public Charitable Trust under section 12AA of the Income Tax Act, 1961 vide Proceedings No. DIT (E) No.2 (1809) 07-08, dated 11.09.2008 issued by the Director of Income Tax (Exemptions), Chennai – 600 034.

5. Previous year's figures have been regrouped, wherever necessary.

In terms of our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Reg. No. 002672S

For Water and Sanitation Pooled Fund

Sd/-

A.Selva Ganesh

Partner,

Membership No.028211

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

Sheela Balakrishnan, IAS

Trustee

Place : Chennai

Date : 29.06.2012

Place : Chennai

Date : 29.06.2012

Grant Fund – I

Report on the activities and Annual Accounts of Grant Fund I for the FY 2011-2012

1. Introduction

The Grant Fund was created as a component of restructured Tamil Nadu Urban Development Project under IDA credit in March 1997 so as to enable the Urban Local Bodies (ULBs) to get financial assistance for implementation of urban infrastructure projects. Subsequently, the Grant Fund was operated as a component of TNUDP-II during the project period of 1999-2004.

The Government of Tamil Nadu (GoTN) has accorded its Administrative Sanction vide G.O. Ms. No.55, Municipal Administration and Water Supply (MA-II) Department, dated 29.4.2005 for implementation of Third Tamil Nadu Urban Development Project (TNUDP-III). The total outlay of the project is US \$ 434 million (about ` 1996.40 crores) with the International Bank for Reconstruction and Development (IBRD) line of credit of US \$ 300 million. The Grant Fund-I (GF-I) is a Government Fund and operated based on the guidelines prescribed by GoTN vide G.O. Ms. No.77, Municipal Administration & Water Supply Department, dated 03.06.2005. The TNUDP III was restructured vide GO Ms. No.247, Municipal Administration & Water Supply (MA-II) Department, dated 16.12.2009. The allocation of capital grant to ULBs under GF-I is US \$ 176.50 million (about ` 811.90 crores).

2. Objectives

The Grant Fund-I is a capital grant fund and will be used to assist ULBs towards,

- i. Financing projects which directly benefit urban low income populations such as water supply, storm water drain, street lighting, sanitation and sewerage systems, etc., financed under TNUDP III.
- ii. Providing project viability gap fund for sub-projects funded under TNUDP-III.
- iii. Meeting the cost of resettlement and rehabilitation for urban poor, related to sub-projects to be funded under the TNUDP-III.

3. Fund Management

The GF I is managed by the Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as a fund manager of GF I.

4. Fund Size, sources and allocation

The GF I is a Government Fund and is a part of IBRD assisted TNUDP III. A sum of ₹ 811.90 crores is allocated to GF I. The amount will be provided by the Government of Tamil Nadu, every year, by way of budgetary allocation. The existing balances available in the Grant Fund established under TNUDP II has been merged with the GF I under the TNUDP III. The interest from investments and any other income earned or accruing to GF - I shall form part of its corpus and shall be applied for the purposes for which the fund is created.

5. Eligibility Criteria

5.1. Eligibility

The sanction of capital grant from GF I is subject to the following:

- a) For bus stand, commercial projects and other revenue earning schemes financial assistance under the GF-I will be subject to the following conditions:
 - The financial resource of the ULBs and financial assistance given by Government should be in the ratio of 3:1.
 - 80% of property tax should have been collected in the past three years prior to the project investment year.
 - The ULB should have repaid all loan dues for two years prior to the project investment year.
- b) For basic services such as water supply, sewerage & sanitation, roads, streetlights, solid waste management grant assistance will be available if more than 20% of project beneficiaries are people living below the poverty line.

5.2. Eligible Projects

All basic service projects such as water supply, sanitation and sewerage, solid waste management, etc., and revenue earning projects like bus stands implemented by ULBs are eligible for financial assistance.

5.3. Eligible Grant Applicants

All ULBs in the State of Tamil Nadu are eligible for financial assistance.

5.4. Eligible Amount

The quantum of capital grant shall not exceed 30% of the cost of the sub-project being financed under the TNUDP-III subject to a maximum of ` 10 crores per project (or) the grant towards viability gap funding shall not exceed ` 10 crores per project. However, the State Level Project Sanctioning Committee, constituted by the Government will have the flexibility to decide upon the exact capital grant portion to be extended to sub- projects based on assessment of financial viability of the sub-project and the financial strength of the respective ULB.

6. Procedure for application and approval of grant

6.1 Application for grant

Application from the ULB for capital grant shall be submitted through Commissionerate of Municipal Administration / Commissionerate of Town Panchayats to the fund manager, with the following:

a. Council Resolution

The ULBs shall submit the Council Resolution for execution of the project and availing the capital grant under GF-I.

b. Detailed Project Report

The application for grant should contain a detailed report of the project covering the subjects including suitability of site; availability of inputs; appropriateness, of a proven experience with the technology offered; project design; arrangements for detailed engineering; cost estimates; construction and procurement arrangements; arrangements for operation and maintenance; arrangements for compliance with environmental, resettlement and social standard as stipulated by the Government from time to time, in consistence with the Environmental and Social Framework as applicable, adequacy of the proposed financing and the eligibility criteria.

c. Details of below poverty line population

In case of the projects which directly benefit the urban low-income population, the justification for the use of the Grant Fund should be substantiated in the grant proposal by indicating the numbers of targeted urban low-income population and specific project areas and expected impact on the improvement of the living standard of the targeted population.

6.2 Appraisal of the grant application and the project

While appraising the grant fund application, it shall be ensured that

- The purpose of grant meets the objectives as prescribed in the GF-I guidelines;
- The project uses the most appropriate process and cost effective technology and technical specifications;
- The project is adequately funded;
- The ULBs demonstrates financial and institutional capacity to operate and maintain the facilities constructed;
- The project meets the requirements stipulated in the Environment and Social Framework, as applicable.

6.3 Approval of capital grant

Based on the detailed appraisal, eligible capital grant will be sanctioned for the sub-projects to be funded under TNUDP III.

6.4 Disbursement of Grant

Based on the approval, the fund manager shall intimate the amount of capital grant sanctioned and prescribe conditions as may be required for proper utilization of grant for the implementation of the sub-projects. Based on the progress of work, the grant shall be disbursed to ULBs, in one or more installments.

7. Procurement

The sub-projects to be financed by the GF-I shall follow IBRD guidelines for procurement of goods, works and services.

8. Performance

The funds have been committed for 101 sub-projects under TNUDP III, of which capital grant has been sanctioned for 83 sub-projects amounting to ` 811.90 crores. A sum of ` 200 crores (previous year ` 150 crores) has been released by Government to GF I during the financial year 2011-12. A sum of ` 111.93 crores (previous year ` 153.50 crores) has been disbursed to the ULBs during the financial year 2011-12 based on the progress of the project.

A sum of ` 480.44 crores has been disbursed to ULBs as capital grant up to 31.3.2012, as detailed below:

(` in crores)

Sl.No.	Scheme	No. of projects	Grant sanctioned	Grant disbursed
1.	Solid Waste Management	31	8.01	5.56
2.	Sanitation & Sewerage	25	594.95	348.28
3.	Water Supply	18	191.77	111.44
4.	Roads	7	6.48	5.57
5.	Bus Stand	1	1.32	1.19
6.	Others (River improvement)	1	9.37	8.40
	Total	83	811.90	480.44

The balance capital grant will be released to the ULBs based on the progress of project.

9. Accounts and Audit

The Annual Accounts for the financial year 2011-12 have been audited by M/s.Ponraj & Co., Chartered Accountants, Chennai.

AUDITORS' REPORT
TO THE FUND MANAGER OF GRANT FUND I

We have audited the attached Balance Sheet of **Grant Fund I of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by Law have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given
 - i. In case of the Balance Sheet, of the state of affairs of the Grant Fund-I as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of Surplus of the fund for the year ended on that date.

For **Ponraj & Co.,**
Chartered Accountants
Firm's Registration No.002672S

Sd/-

A. Selva Ganesh
Partner

Membership No. 028211

Place : Chennai
Date : 19.06.2012

GRANT FUND - I
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31 MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
SOURCES OF FUND			
Grant Fund	1	212,24,18,506	118,21,01,329
Total		212,24,18,506	118,21,01,329
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	194,77,71,573	84,89,20,892
Loans and advances	3	17,46,84,610	33,32,17,702
		212,24,56,183	118,21,38,594
Less: Current Liabilities	4	37,677	37,265
Net Current Assets		212,24,18,506	118,21,01,329
Total		212,24,18,506	118,21,01,329
Notes on Accounts – Schedule 5			

Schedules referred above form an integral part of Accounts

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - I)**

Place : Chennai

Date: 19.06.2012

GRANT FUND - I
(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	11,02,363	7,66,488
On Deposit Accounts	7,39,04,872	5,74,78,996
Total	7,50,07,235	5,82,45,484
Expenditure		
Management Fee	1,23,46,409	1,69,30,940
Audit Fee – Statutory Audit	22,472	22,060
Total	1,23,68,881	1,69,53,000
Excess of Income over Expenditure transferred to Grant Fund	6,26,38,354	4,12,92,484
Notes on accounts - Schedule 5		

Schedules referred above form an integral part of Accounts

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - I)

Place : Chennai

Date: 19.06.2012

GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Receipts		
Grant Assistance from Government	200,00,00,000	150,00,00,000
Interest Receipts	5,73,23,041	7,21,92,519
Term Deposit with Companies	18,46,92,481	16,87,51,242
Total	224,20,15,522	174,09,43,761
Payments		
Disbursement to Urban Local Bodies	111,93,48,000	153,49,90,000
Disbursement to WSPF	29,73,177	19,00,709
Other Payments to TNUDF	84,75,195	0
Management Fee	1,23,46,409	1,69,30,940
Audit Fees	22,060	19,854
Total	114,31,64,841	155,38,41,503
Surplus / (Deficit) for the year	109,88,50,681	18,71,02,258
Add: Opening Cash and Bank Balance	84,89,20,892	66,18,18,634
Closing Cash & Bank Balances	194,77,71,573	84,89,20,892

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - I)**

Place : Chennai

Date: 19.06.2012

GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	118,21,01,329	117,76,99,554
Add: Grant received during the year	200,00,00,000	150,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	6,26,38,354	4,12,92,484
	324,47,39,683	271,89,92,038
Less: Disbursement to ULBs during the year	111,93,48,000	153,49,90,000
Disbursement towards other expenses	29,73,177	19,00,709
Total	212,24,18,506	118,21,01,329
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Bank Account	2,71,573	4,20,892
In Term Deposit Account	64,75,00,000	39,85,00,000
In Public Deposit Account	130,00,00,000	45,00,00,000
Total	194,77,71,573	84,89,20,892
Schedule - 3		
Loans and advances		
Accrued interest on Deposits	4,74,78,087	2,97,93,893
Term Deposit with Companies	11,75,69,327	30,22,61,808
TDS on interest on Deposits	11,62,001	11,62,001
Receivable from TNUDF	84,75,195	0
Total	17,46,84,610	33,32,17,702
Schedule - 4		
Current Liabilities		
Audit Fee payable	22,472	22,060
Other Liabilities	15,205	15,205
Total	37,677	37,265

GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Schedule – 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The Grant Fund I is created by Government of Tamil Nadu to assist urban local bodies for providing capital grant and project viability gap fund to implement urban infrastructure projects financed under World Bank line of credit.

2. Significant Accounting Policies

- a) **Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) **Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursement made towards capital grant & project viability gap fund and other eligible expenditure.
- c) **Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - I)

Place : Chennai

Date: 19.06.2012

GRANT FUND – II

Report on the activities and Annual Accounts of Grant Fund II for the FY 2011-2012

1. Introduction

The Grant Fund-II was created as a component of IBRD line of credit in the year 1999 for providing technical assistance to Urban Local Bodies and other entities, for preparation of detailed project reports, design, management and supervision of projects. Subsequently, the Grant Fund-II was operated as a component of TNUDP-II during the project period of 1999-2004.

The Government of Tamil Nadu (GoTN) has accorded its Administrative Sanction vide G.O. Ms. No.55, Municipal Administration and Water Supply (MA-II) Department, dated 29.4.2005 for implementation of Third Tamil Nadu Urban Development Project (TNUDP-III). The total outlay of the project is US \$ 434 million (about ` 1996.40 crores) with the International Bank for Reconstruction and Development (IBRD) line of credit of US \$ 300 million. The Grant Fund-II (GF-II) is a Government Fund and operated based on the guidelines prescribed vide G.O. Ms. No.78, Municipal Administration & Water Supply Department, dated 03.06.2005. The TNUDP III was restructured vide GO Ms. No.247, Municipal Administration & Water Supply (MA-II) Department, dated 16.12.2009. The grant allocation to GF-II is US \$ 9 million (about ` 41.40 crores).

2. Objectives

The Grant Fund – II is a technical assistance grant and will be used to assist urban local bodies, statutory boards and other entities towards preparation, design, supervision management of urban infrastructure projects including more complex and innovative projects, projects through private sector participation etc.

3. Fund Management Operations and Procedures

The Grant Fund II is managed by the Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as a fund manager of Grant Fund II.

4. Fund size, sources and allocation

The Grant Fund II is a Government Fund and is a part of IBRD assisted TNUDP III. A sum of ` 41.40 crores is allocated to Grant Fund II. The amount will be provided by Government of Tamil Nadu, every year, by way of budgetary allocation. The existing balances available

in the Grant Fund established under TNUDP II has been merged with the GF II under the TNUDP III. The interest from investments and any other income earned or accruing to GF - II shall form part of its corpus and shall be applied for the purposes for which the fund is created.

5. Eligibility Criteria

Eligible projects include the preparation, design and supervision management of costs of all urban infrastructure including more complex and innovative projects, projects through private sector participation etc. However, the limitation for grant allocation will be (i) not more than 10 % of the fund will be allocated to any single project and (ii) not more than 30 % of the fund shall be utilized for proposals / studies initiated by the fund manager, for preparation of eligible projects.

6. Procedure for application and approval of grant

The application for grants should contain the details of the projects such as name of the project, rough cost estimate of project (if available / applicable), background and need for technical assistance, objectives, scope of services required for the technical assistance, data and any other support to be provided by the project sponsors and institutional capacity to implement the system. The application for grant from the ULBs / statutory boards should be supported by a council resolution / board resolution, as the case may be. The proposals will be placed before a Committee, constituted by the Government, for approval. Based on the approval of the Committee, the fund manager will appoint the competent consultant(s). Based on the progress of work after due diligence, the grant shall be disbursed to the consultants in one or more installments.

7. Procurement

The appointment of consultants for the proposed technical assistance shall be made based on the IBRD procurement guidelines.

8. Performance during the financial year 2011-12

I. Assignments completed during the financial year 2011-12:

- i) Study on privatization of Municipal Solid Waste Management activities in Ambattur Municipality.
- ii) Study on improvements to existing infrastructure and procurement of equipment for Metropolitan Transport Corporation.

- iii) Study on Integrated Solid Waste Management for two clusters (covering) a. Melur, Usilampatti, Tirupparankundram, Tirumangalam, Avnaniyapuram, Aniyur and b. Sivaganga, Tirunelveli, Sankarankoil, Kadayanallur, Sengottai, Tenkasi, Puliyangudi, Amabasamudram and Vikramasingapuram.
- iv) Transaction Advisory to identify O & M Operator for UGSS Scheme in Alandur Municipality.
- v) Preparation of City Development Plan for Tiruppur Corporation.
- vi) Proof checking the DPR for
 - Attur & Narasingapuram Combined Water Supply Scheme covering 2 Municipalities 20 Town Panchayats and 1345 Rural Habitations in 12 Panchayat Unions of Salem District with river Cauvery as source.
 - Melur Combined Water Supply Scheme covering 3 Municipalities, 6 Town Panchayats and 1430 rural habitations in 8 unions of Madurai District and 1 Town Panchayat in Sivaganga District with river Cauvery as source.
 - Combined Water Supply Scheme covering 7 town panchayats and 395 rural habitations in Rajapalayam, Srivilliputtur, Watrap and Sivakasi (Part) Unions with river Tamarai barani as source.
 - Water supply augmentation to Palladam Municipality, 23 town panchayats and 965 rural habitations in Coimbatore and Tiruppur Districts.

II. Ongoing assignments:

a) Assignments taken up during previous financial years

- i) Carrying out Technical Quality Audit for all water supply and under ground sewerage schemes funded by TNUDF.
- ii) Environmental Assessment and Monitoring of sub-projects assisted under external lines of credit.
- iii) Bid Process Management services for developing the vacant land in Kumbakonam Municipality.
- iv) Study on Thyagaraya Nagar urban re-development for Chennai Corporation.

- v) Preparation of Ecological designs for a nature trail along the Cooum river for about 1.5 km in Chennai.
- vi) Proof checking DPR for Hogenekkal Water Supply and Fluorosis Mitigation Project.
- vii) Transaction advisory
 - To develop a model for price discovery through BOT operations of various possible activities at various locations in Tiruchirapalli City Corporation areas.
 - To develop a model through BOT for land development in Tudiyalur Town Panchayat, Kavundampalayam and O&M on PPP mode for Bus Stand at Mettupalayam Road in Coimbatore Corporation.
 - To develop a model through BOT for land development in Virudhunagar Municipality and Palayamkottai Nehruji children park for Tirunelveli Corporation.
 - To renovate and improve 8 water bodies and to develop a model through BOT for Coimbatore Corporation.
 - To develop a model through BOT for land development in Mamandur, Vikravandi, Ulundurpet, Kancheepuram and Tiruvannamalai for TNSTC (Villupuram) Ltd.
 - To develop a model through BOT for land development for Pallavan House for Metropolitan Transport Corporation.
 - Preparation of Detailed Project Report (DPR) for
 - Developing an eco-restoration plan for Panamarathupatti lake in Salem.
 - Developing an eco-restoration plan for Elanthakulam at Palayamkottai, Tirunelveli.
 - Development of water bodies in Ramanathapuram.
 - Grade Separators at Rajiv Gandhi Salai (IT Corridor) in Chennai.
 - Daily market comprising of vegetable, flower, fish and mutton shops in Kodaikanal.
 - Development of Kodaikanal Lake.

b) Assignments taken up during the financial year 2011-12

- i. Preparation of City Regional Plan for Sriperumpudur.
- ii. Transaction Advisory for construction of Multi Level Car Parking in front of Panagal Park in Bashyam Road, T. Nagar under PPP mode for Chennai Corporation.
- iii. Preparation of DPR for
 - Safe disposal of effluents generated from the dyeing units in and around Pallipalayam & Komarapalayam Municipalities.
 - Construction of Multi Level Two Wheeler Parking at NSC Bose Road adjacent to Flower Bazaar Police Station for Chennai Corporation.
 - Providing Integrated Storm Water Drain System for the expanded areas of Chennai Corporation.
 - Providing Storm Water Drain System to Avadi, Anagaputtur, Pammal, Poonamallee, Tambaram and Tiruverkadu Municipalities.
 - Bio remediation, reclamation and closure of old dumped waste site at Pallikaranai.

III. Overall Performance

- A sum of ` 36.83 crores has been committed / sanctioned for 133 number of consultancy assignments up to 31.03.2012. The status of consultancy assignments as on 31.03.2012 is furnished below:

Sl.no.	Particulars	No. of consultancies / projects	Value of Consultancy assignment (` in crores)
1	Funds Committed	133	36.83
2	Of the above		
	a) Procurements completed	103	25.14
	b) Procurements in process	30	11.69
3	Of the procurements completed		
	a) Assignments completed	83	14.67
	b) Assignments in progress	20	10.46

Of the above 83 consultancy assignments completed, 15 assignments have been fructified in to projects resulting in of contracts for ` 1656.16 crores. A sum of ` 19.70 crores has been disbursed to various consultancies up to 31.03.2012 under TNUDP-III.

9. Disbursement

During the financial year 2011-12, a sum of ` 2.00 crores (previous year ` 5.00 crores) has been released by GoTN to Grant Fund II and a sum of ` 2.14 crores (previous year ` 2.00 crores) has been disbursed for various consultancies based on progress. The balance of fund as on 31.03.2012 is ` 11.69 crores (previous year ` 11.07 crores).

10. Accounts and Audit

The Annual Accounts for the financial year 2011-12 have been audited by M/s.Ponraj & Co., Chartered Accountants, Chennai.

AUDITORS' REPORT
TO THE FUND MANAGER OF GRANT FUND II

We have audited the attached Balance Sheet of **Grant Fund II of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by the Law have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given
 - i. In case of the Balance Sheet, of the state of affairs of the Grant Fund-II as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of Surplus of the fund for the year ended on that date.

For **Ponraj & Co.,**
Chartered Accountants
Firm's Registration No.002672S

Sd/-

A. Selva Ganesh

Partner

Membership No. 028211

Place : Chennai
Date : 19.06.2012

GRANT FUND - II
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31 MARCH 2012

PARTICULARS	Sche- dules	As at 31.03.2012	As at 31.03.2011
SOURCES OF FUND			
Grant Fund	1	11,68,92,448	11,06,59,951
Total		11,68,92,448	11,06,59,951
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	11,51,37,701	11,01,73,627
Loans and advances	3	20,85,185	8,16,350
		11,72,22,886	11,09,89,977
Less: Current Liabilities	4	3,30,438	3,30,026
Net Current Assets		11,68,92,448	11,06,59,951
Total		11,68,92,448	11,06,59,951
Notes on Accounts - Schedule 5			

Schedules referred above form an integral part of Accounts

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - II)

Place : Chennai

Date: 19.06.2012

GRANT FUND - II

(Grant fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
INCOME		
Interest earned		
On Savings Bank Account	99,901	66,705
On Deposit Accounts	78,37,491	26,22,691
Total	79,37,392	26,89,396
Expenditure		
Management Fee	2,36,549	2,21,070
Audit Fee – Statutory Audit	22,472	22,060
Total	2,59,021	2,43,130
Excess of Income over Expenditure transferred to Grant Fund	76,78,371	24,46,266
Notes on Accounts – Schedule 5		

Schedules referred above form an integral part of Accounts

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - II)

Place : Chennai

Date: 19.06.2012

GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Receipts		
Grant Assistance from Government	2,00,00,000	5,00,00,000
Interest Receipts	66,68,557	21,77,818
Term Deposit with Companies	0	1,26,31,350
Total	2,66,68,557	6,48,09,168
Payments		
Disbursements to Consultants	2,14,45,874	2,00,42,569
Management Fee	2,36,549	2,21,070
Audit Fees	22,060	19,854
Total	2,17,04,483	2,02,83,493
Surplus / (Deficit) for the year	49,64,074	4,45,25,675
Add: Opening Cash and Bank Balance	11,01,73,627	6,56,47,952
Closing Cash & Bank Balances	11,51,37,701	11,01,73,627

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - II)

Place : Chennai

Date: 19.06.2012

GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	11,06,59,951	7,82,56,254
Add: Grant received during the year	2,00,00,000	5,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	76,78,371	24,46,266
	13,83,38,322	13,07,02,520
Less: Disbursements during the year	2,14,45,874	2,00,42,569
Total	11,68,92,448	11,06,59,951
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Bank Account	4,37,701	2,08,283
In Term Deposit Account	8,97,00,000	8,49,65,344
In Public Deposit Account	2,50,00,000	2,50,00,000
Total	11,51,37,701	11,01,73,627
Schedule - 3		
Loans and advances		
Accrued interest on Term Deposits	20,81,192	8,12,357
TDS on interest on Deposits	3,993	3,993
Total	20,85,185	8,16,350
Schedule - 4		
Current Liabilities		
Audit Fee payable	22,472	22,060
Other Liabilities	3,07,966	3,07,966
Total	3,30,438	3,30,026

GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Schedule 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The Grant Fund II is a technical assistance fund created by Government of Tamil Nadu to support the urban local bodies and other entities towards consultancy services for preparation of Detailed Project Report, supervision and management of projects, including more complex and innovative projects.

2. Significant Accounting Policies

- a) **Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) **Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursement made towards technical assistance and other eligible expenditure.
- c) **Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For **Ponraj & Co.,**

Chartered Accountants

Firm Regn. No.002672S

Sd/-

A. Selva Ganesh,

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - II)

Place : Chennai

Date: 19.06.2012

Grant Fund – III

Report on the activities and Annual Accounts of Grant Fund III for the Financial Year 2011-2012

1. Introduction

The Government of Tamil Nadu (GoTN) has accorded its Administrative Sanction vide G.O. Ms. No.55, Municipal Administration and Water Supply (MA-II) Department, dated 29.4.2008 for implementation of Third Tamil Nadu Urban Development Project (TNUDP-III). The Government of Tamil Nadu (GoTN) vide its order No. G.O. Ms. No.67, Housing and Urban Development Department, dated 27.02.2006 has accorded sanction for setting up Grant Fund III (GF-III) under TNUDP – III and prescribed guidelines for its operation. The TNUDP III was restructured vide GO Ms. No.247, Municipal Administration & Water Supply (MA-II) Department, dated 16.12.2009. The grant allocation to GF III is US \$ 41 million (about ` 188.60 crores).

2. Objectives

The Grant Fund III will be used to assist projects executed by the Department of Highways & Minor Ports and Traffic Police under the supervision of Chennai Metropolitan Development Authority (CMDA), with respect to up-gradation of roads, distribution of grade separators, traffic management measures etc. The grant will be provided to meet the cost of the Project Management Unit of the CMDA, consultancies to prepare various studies and reports, implementation of the projects including supervision costs and other eligible expenditure.

3. Operations and Procedures:

The GF-III is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines and procedures prescribed by GoTN, from time to time. TNUIFSL acts as a fund manager of GF III.

4. Fund size, sources and allocation

The GF III is a Government Fund and is a part of IBRD assisted TNUDP III. A sum of ` 188.60 crores is allocated to GF III. The amount will be provided by the Government of Tamil Nadu, every year, through budgetary allocation. The interest from investments and any other income earned or accruing to GF - III shall form part of its corpus and shall be applied for the purposes for which the fund is created.

5. Eligibility Criteria

All traffic and transportation projects to be implemented in the Chennai Metropolitan Area under the supervision of CMDA under Tamil Nadu Urban Development Project-III would be eligible for funding assistance under GF III.

6. Application & Approval

The CMDA will generally make a request to the fund manager for release of funds, based on the progress of the project(s) and accordingly grant would be release. However in the case of payment to consultancies, grant would be released in accordance with the terms of reference given to the consultant for every stage of completion of the report and in the case of implementation of works, grant would be released based on progress of work and upon utilization of funds previously disbursed. CMDA will send the statement of expenditure to the fund manager, upon utilization of funds in the format prescribed, in order to claim reimbursement from the World Bank.

7. Procurement

The project / consultancies funded under GF III shall follow the IBRD procurement guidelines.

8. Performance

A sum of ` 21.90 crores has been released by Government of Tamil Nadu to GF-III during the financial year 2011-2012. A sum of ` 21.60 crores (previous year ` 26.25 crores) has been disbursed to CMDA during the financial year 2011-2012.

9. Accounts and Audit

The Annual Accounts for the financial year 2011-12 have been audited by M/s.S.Sonny Associates, Chartered Accountants, Chennai.

AUDITORS' REPORT
TO THE FUND MANAGER OF GRANT FUND - III

We have audited the attached financial statement of **Grant Fund-III of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given.
 - i. In case of the Balance Sheet, of the state of affairs of the Grant Fund-III as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of surplus of the fund for the year ended on that date.

For **S. Sonny Associates**
Chartered Accountants
Firm's Registration No. 003935S

Sd/-

S.Sundar

Partner

Membership No. 023425

Place: Chennai
Date: 19.06.2012

GRANT FUND - III
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31 MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
SOURCES OF FUND			
Grant Fund	1	4,03,09,805	3,31,51,401
Total		4,03,09,805	3,31,51,401
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	3,95,96,250	1,98,91,681
Loans and Advances	3	7,30,409	1,32,76,265
		4,03,26,659	3,31,67,946
Less: Current Liabilities	4	16,854	16,545
Net Current Assets		4,03,09,805	3,31,51,401
Total		4,03,09,805	3,31,51,401
Notes on Accounts – Schedule 5			

Schedules referred above form an integral part of Accounts

Vide our report of even date attached

For **S. Sonny Associates,**

Chartered Accountants

Firm Regn. No.003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - III)**

Place : Chennai

Date: 19.06.2012

GRANT FUND - III

(Grant fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	2,10,179	2,59,134
On Deposit Accounts	45,73,935	62,22,888
Total	47,84,114	64,82,022
Expenditure		
Management Fee	5,95,620	7,23,844
Audit Fee – Statutory Audit	16,854	16,545
Other Expenses	13,236	13,236
Total	6,25,710	7,53,625
Excess of Income over Expenditure transferred to Grant Fund	41,58,404	57,28,397
Notes on Accounts – Schedule 5		

Schedules referred above form an integral part of Accounts

Vide our report of even date attached

For **S. Sonny Associates,**

Chartered Accountants

Firm Regn. No.003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - III)

Place : Chennai

Date: 19.06.2012

GRANT FUND - III

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	21,90,00,000	25,80,00,000
Interest Receipts	45,92,420	64,95,952
Term Deposit with Companies	1,27,37,550	1,37,12,450
Total	23,63,29,970	27,82,08,402
Payments		
Disbursement to CMDA	21,60,00,000	26,25,00,000
Management Fee	5,95,620	7,23,844
Statutory Audit Fees & Other Fees	29,781	29,781
Total	21,66,25,401	26,32,53,625
Surplus / (Deficit) for the year	1,97,04,569	1,49,54,777
Add: Opening Cash and Bank Balance	1,98,91,681	49,36,904
Closing Cash & Bank Balances	3,95,96,250	1,98,91,681

Vide our report of even date attached

For **S. Sonny Associates,**

Chartered Accountants

Firm Regn. No.003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - III)

Place : Chennai

Date : 19.06.2012

GRANT FUND - III
(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	3,31,51,401	3,19,23,004
Add: Grant assistance received during the year	21,90,00,000	25,80,00,000
Excess of Income over Expenditure	41,58,404	57,28,397
	25,63,09,805	29,56,51,401
Less: Disbursement to CMDA during the year	21,60,00,000	26,25,00,000
Total	4,03,09,805	3,31,51,401
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Bank Account	5,84,089	91,681
in Term Deposit Account	3,90,12,161	1,98,00,000
Total	3,95,96,250	1,98,91,681
Schedule -3		
Loans and Advances		
Accrued interest on Term Deposits	7,30,409	5,38,715
Term Deposits with Companies	0	1,27,37,550
Total	7,30,409	1,32,76,265
Schedule – 4		
Current Liabilities		
Audit Fee payable	16,854	16,545
Total	16,854	16,545

GRANT FUND - III

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Schedule 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The Grant Fund-III is a capital assistance grant fund created by Government of Tamil Nadu to assist various transportation projects including consultancies executed in Chennai Metropolitan Area under the supervision of Chennai Metropolitan Development Authority (CMDA).

2. Significant Accounting Policies

- a) **Financial Statements:** The financial statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) **Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made towards capital grant and other eligible expenditure.
- c) **Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For **S. Sonny Associates,**

Chartered Accountants

Firm Regn. No.003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Grant Fund - III)

Place : Chennai

Date : 19.06.2012

Project Preparatory Grant Fund

Report on the activities and Annual Accounts of Project Preparatory Grant Fund for the Financial Year 2011-2012

1. Introduction

The Project Preparatory Grant Fund (PPGF) was created by the Government in the year 2007 vide GO Ms. No.170, Municipal Administration & Water Supply (MA-II) Department, dated 5.12.2007 in order to provide necessary technical support to the Urban Local Bodies and other entities for sustained infrastructure development. The guidelines for operation and management of PPGF have been prescribed by Government.

2. Objectives

The objectives of the PPGF are to finance the costs of technical assistance for preparation of pre-feasibility and detailed feasibility studies; preparation of detailed project report including detailed design, environmental and social assessment and economic assessment; preparation of procurement packages, bid documents, implementation, supervision, monitoring and management in respect of projects; resource mobilization and rating assessment; studies proposed with the objective of cost reduction, broad base revenue generation, improve the service delivery and efficient utilization municipal assets; effectiveness of the project already executed and impact assessment studies; and seminar, conference, meetings, workshop and other means of public participation in formulation of policies and information dissemination.

3. Fund management

The PPGF is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines and procedures prescribed by the Government of Tamil Nadu (GoTN), from time to time. TNUIFSL acts as a fund manager of the PPGF.

4. Fund size, sources and allocation

The GoTN will allocate the fund, from time to time, based on the surplus / interest on units distributed by Tamil Nadu Urban Development Fund to Government and requirement of technical assistance for sustained urban infrastructure development. The amount will be provided by way of budgetary allocation, every year. The interest from investments and any other income earned or accruing to PPGF will also form part of its corpus and will be applied for the purposes for which the fund is created.

5. Eligibility Criteria

The Fund will finance the costs of technical assistance with respect to all projects and studies which may lead to up-gradation of the living standards of urban population and improvement in the service delivery to such population in the State of Tamil Nadu. The typical projects include water supply, sanitation and sewerage, roads, bridges and storm water drain, street lighting, solid waste management, and other remunerative and non-remunerative urban infrastructure projects.

The grant provision is available for all statutory and autonomous bodies, including Corporations, Municipalities, Town Panchayats, Statutory Boards, Government Departments and other forms of institutions owned / managed by Government. It is also available on a case-to-case basis to registered trusts, registered societies, academic and research institutions. However, grants will not be released directly to the applicants. Instead, the grant will be utilized to provide necessary technical assistance by utilizing the services of consultant(s), experts(s) or otherwise for carrying out the objectives specified in the guidelines.

6. Procedure for application and approval of grant

Applications for grant from the applicants shall be submitted to the fund manager, along with the approval of the competent authority (Council Resolution in the case of Town Panchayats / Municipalities / Corporations, Board Resolution in the case of Statutory Boards / Trusts / Societies and approval of the Head of the department / institutions in the case of others) as the case may be with the details regarding name of the project, rough cost estimate of project if available / applicable, background and need for technical assistance, objectives, scope of services required for the technical assistance, data and any other support to be provided by the project sponsors and institutional capacity to implement the project.

The fund manager would process the application and prepare a detailed appraisal about the requirement of the technical assistance, terms of reference for the proposed technical assistance and recommendation on the technical assistance sought.

A Committee, constituted by the Government of Tamil Nadu, will approve the grant provision for the required technical assistance based on the guidelines prescribed and the merits of the proposal.

Based on the approval of the Committee, the fund manager will appoint the competent consultant(s). Based on the progress and after due diligence, grant shall be disbursed, in one or more installments.

7. Procurement

The provisions of the Tamil Nadu Transparency in Tender Act, 1998 and Tamil Nadu Transparency in Tenders Rules, 2000 shall be applicable for procurement of services.

8. Disbursements

During the financial year 2011-12, a sum of ` 6.00 crores (previous year ` 6.00 crores) was released by GoTN as grant to Project Preparatory Grant Fund. A sum of ` 0.51 crores has been spent during the financial year 2011-12. The balance of grant fund available as on 31<sup>st</sup> March 2012 is ` 24.55 crores (previous year ` 17.16 crores)

9. Accounts and Audit

The Annual Accounts for the financial year 2011-12 have been audited by M/s.N.Raja & Associates, Chartered Accountants, Chennai.

AUDITORS' REPORT

TO THE FUND MANAGER OF PROJECT PREPARATORY GRANT FUND

We have audited the attached financial statement of **Project Preparatory Grant Fund of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account for the period ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given.
 - i. In case of the Balance Sheet, of the state of affairs of the Project Preparatory Grant Fund as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of surplus of the fund for the year ended on that date.

For Raja & Associates
Chartered Accountants
Firm's Registration No. 003388S

Sd/-
N. Raja
Partner

Place : Chennai
Date : 19.06.2012

Membership No. 022890

PROJECT PREPARATORY GRANT FUND
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31 MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
Sources of Fund			
Grant Fund	1	24,54,74,682	17,15,85,329
Total		24,54,74,682	17,15,85,329
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	17,43,22,297	13,11,33,979
Loans and Advances	3	7,11,65,868	4,06,08,992
		24,54,88,165	17,17,42,971
Less: Current Liabilities	4	13,483	1,57,642
Net Current Assets		24,54,74,682	17,15,85,329
Total		24,54,74,682	17,15,85,329
Notes on Accounts – (Schedule 5)			

Schedules referred above form an integral part of accounts

Vide our report of even date attached
For **N. Raja & Associates,**
Chartered Accountants
Firm Regn. No. 003388S

Sd/-
N. Raja
Partner
Membership No. 022890

Sd/-
Anita Praveen, IAS
Chairperson &
Managing Director

Sd/-
Sheela Balakrishnan, IAS
Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Project Preparatory Grant Fund)**

Place : Chennai
Date : 19.06.2012

PROJECT PREPARATORY GRANT FUND

(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	66,974	40,086
On Deposit Accounts	1,89,85,826	96,16,233
Total	1,90,52,800	96,56,319
Expenditure		
Management Fee	99,007	1,46,342
Audit Fee – Statutory Audit	13,483	13,236
Total	1,12,490	1,59,578
Excess of Income over Expenditure transferred to Grant Fund	1,89,40,310	94,96,741
Notes on Accounts – (Schedule 5)		

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For **N. Raja & Associates,**

Chartered Accountants

Firm Regn. No. 003388S

Sd/-

N. Raja

Partner

Membership No. 022890

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Project Preparatory Grant Fund)**

Place : Chennai

Date : 19.06.2012

PROJECT PREPARATORY GRANT FUND

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	6,00,23,250	6,00,23,250
Interest Receipts	1,71,32,695	84,42,518
Other Receipts	0	1,44,406
Term Deposit with Companies	0	70,27,871
Total	7,71,55,945	7,56,38,045
Payments		
Disbursement to Consultants	50,74,207	1,06,53,528
Management Fee	99,007	1,46,342
Statutory Audit Fees	13,236	13,236
Other Payments	1,44,406	0
Term Deposit with Companies	2,86,36,771	0
Total	3,39,67,627	1,08,13,106
Surplus / (Deficit) for the year	4,31,88,318	6,48,24,939
Add: Opening Cash and Bank Balance	13,11,33,979	6,63,09,040
Closing Cash & Bank Balances	17,43,22,297	13,11,33,979

Vide our report of even date attached
For **N. Raja & Associates**,
Chartered Accountants
Firm Regn. No. 003388S

Sd/-
N. Raja
Partner
Membership No. 022890

Sd/-
Anita Praveen, IAS
Chairperson &
Managing Director

Sd/-
Sheela Balakrishnan, IAS
Director

(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Project Preparatory Grant Fund)

Place : Chennai
Date : 19.06.2012

PROJECT PREPARATORY GRANT FUND
(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
SCHEDULE - 1		
Grant Fund		
Balance at the beginning of the year	17,15,85,329	11,27,18,866
Add: Grant assistance received during the year	6,00,23,250	6,00,23,250
Excess of Income over Expenditure carried from Income & Expenditure Account	1,89,40,310	94,96,741
	25,05,48,889	18,22,38,857
Less: Disbursement to consultants	50,74,207	1,06,53,528
Total	24,54,74,682	17,15,85,329
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Bank Account	5,22,297	1,14,782
in Term Deposit Account	17,38,00,000	13,10,19,197
Total	17,43,22,297	13,11,33,979
Schedule – 3		
Loans and Advances		
Accrued interest on Term Deposits	51,65,868	32,45,763
Term Deposits with Companies	6,60,00,000	3,73,63,229
Total	7,11,65,868	4,06,08,992
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,236
Other Liabilities	0	1,44,406
Total	13,483	1,57,642

PROJECT PREPARATORY GRANT FUND
(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2012

SCHEDULE 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The Project Preparatory Grant Fund is a technical assistance grant fund created by Government of Tamil Nadu to finance the cost of technical assistance for preparation of feasibility studies, detailed project report, implementation, project supervision & management, resource mobilization, seminar, conference, meetings, workshop and other means of public participation in formulation of policies and information dissemination.

2. Significant Accounting Policies

- a) Financial Statements:** The financial statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made to consultants and other eligible expenditure.
- c) Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5.

Vide our report of even date attached
For **N. Raja & Associates,**
Chartered Accountants
Firm Regn. No. 003388S

Sd/-
N. Raja
Partner
Membership No. 022890

Sd/-
Anita Praveen, IAS
Chairperson &
Managing Director

Sd/-
Sheela Balakrishnan, IAS
Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Project Preparatory Grant Fund)**

Place : Chennai
Date : 19.06.2012

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

Report on the activities and Annual Accounts of Tamil Nadu Urban Road Infrastructure Fund for the Financial Year 2011 - 2012

1. Introduction

The Government of Tamil Nadu have created a non-lapsable fund in the name of Tamil Nadu Urban Road Infrastructure Fund (TURIF) vide G.O. Ms. No.235, Municipal Administration and Water Supply (MA-II) Department dated 27.11.2008 to implement Tamil Nadu Urban Road Infrastructure Project (TURIP) and prescribed the guidelines for operation of the fund. Further, the Government vide G.O. Ms. No.290, Municipal Administration and Water Supply (MA-III) Department, dated 22.11.2010 issued the revised procedures and guidelines.

2. Objectives & features of the project

The objectives of TURIP are as follows:

- Develop a sustainable urban road infrastructure in Urban Local Bodies in a phased manner;
- Maintain the asset created under this project and
- Funding urban road infrastructure in Tamil Nadu through a dedicated non-lapsable fund, namely, the Tamil Nadu Urban Road Infrastructure Fund.

3. Fund Management

The TURIF is managed and operated by TNUIFSL based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as fund manager of TURIF.

4. Fund size, sources and allocation

The fund will have multiple sources viz., a portion of the assigned revenue payable to Municipal Corporations and Municipalities on account of surcharge on stamp duty, a portion of devolution, proceeds from issue of bonds and other market borrowings, grants, repayments from borrowers of the fund and any other source as decided by the Government, from time to time. The interest from investments and any other income earned or accruing to TURIF will also form part of its corpus and will be applied for the purposes for which the fund is created.

5. Eligibility Criteria

5.1 Eligible Projects

The TURIF will finance for improvement/renovation/relaying of roads in the Urban Local Bodies including related infrastructure such as roads, pedestrian footpaths, storm water drains, signages, provision for ducting, street furniture, productive structures and cross drainage structures.

5.2 Eligible Grant Applicants

All Municipal Corporations and Municipalities in the State are eligible for funding under this project.

6. Procedure for application and approval of grant

Application from the ULBs for financial assistance along with the detailed estimate of the project shall be scrutinized by the Commissioner of Municipal Administration / Director of Town Panchayats and placed before the Committee for approval. The Committee consisting of Additional Chief Secretary to Government, Municipal Administration and Water Supply Department as Chairperson, the Commissioner of Municipal Administration and the Director of Town Panchayats as members shall approve the proposals and sanction grants from TURIF.

The funds from TURIF shall be released to the ULBs based on the proceedings of the Commissioner of Municipal Administration / Director of Town Panchayats.

7. Procurement procedures

Procurement of works, goods & services under this project, shall follow Tamil Nadu Transparency in Tenders Act, 1998.

8. Performance

During the financial year 2011-2012, a sum of ` 152.31 crores (previous year ` 904.61 crores) has been released by Government to TURIF. A sum of ` 1.97 crores has been disbursed to consultants (previous year ` 3.41 crores).

9. Accounts and Audit

The Annual Accounts for the financial year 2011-12 have been audited by M/s.Anand & Ponnappan, Chartered Accountants, Chennai – 600 017.

**AUDITORS' REPORT
TO THE FUND MANAGER OF TAMIL NADU URBAN ROAD
INFRASTRUCTURE FUND**

We have audited the attached financial statement of **Tamil Nadu Urban Road Infrastructure Fund** managed by Tamil Nadu Urban Infrastructure Financial Services Limited, as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund Manager. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given
 - i. In case of the Balance Sheet, of the state of affairs of the **Tamil Nadu Urban Road Infrastructure Fund** as at 31.03.2012
 - ii. In case of the Income & Expenditure Account, **of Surplus** of the fund for the year ended on that date.

For **Anand & Ponnappan**
Chartered Accountants
Firm's Registration No. 000111S

Sd/-
R.Ponnappan
Partner

Place : Chennai
Date : 19.06.2012

Membership No.021695

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

(Grant Fund of Government of Tamil Nadu)

BALANCE SHEET AS AT 31 MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
SOURCES OF FUND			
Grant Fund	1	176,66,99,147	23,26,28,483
Total		176,66,99,147	23,26,28,483
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	153,08,79,619	62,64,302
Loan and advances	3	23,58,36,382	22,63,77,417
		176,67,16,001	23,26,41,719
Less: Current Liabilities	4	16,854	13,236
Net Current Assets		176,66,99,147	23,26,28,483
Total		176,66,99,147	23,26,28,483
Notes on Accounts (Schedule - 5)			

Schedules referred above form an integral part of the Accounts

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Tamil Nadu Urban Road Infrastructure Fund)

Place : Chennai

Date : 19.06.2012

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	11,01,905	34,04,236
On Deposit Accounts	3,09,78,016	19,94,10,558
Total	3,20,79,921	20,28,14,794
Expenditure		
Management Fee	13,22,274	2,82,542
Audit Fee – Statutory Audit	16,854	13,236
Total	13,39,128	2,95,778
Excess of Income over Expenditure transferred to Grant Fund Notes on Accounts (Schedule - 5)	3,07,40,793	20,25,19,016

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Tamil Nadu Urban Road Infrastructure Fund)

Place : Chennai

Date : 19.06.2012

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

(Grant fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	152,30,61,844	904,61,00,000
Interest Receipts	2,73,84,489	29,40,97,788
Total	155,04,46,333	934,01,97,788
Payments		
Disbursements to ULBs	0	1055,14,77,824
Disbursements to Consultants	1,97,31,973	3,41,57,534
Management Fee	13,22,274	2,82,542
Statutory Audit Fees	13,236	13,236
Term Deposit with Companies	47,63,533	4,82,28,000
Total	2,58,31,016	1063,41,59,136
Surplus / (Deficit) for the year	152,46,15,317	(129,39,61,348)
Add: Opening Cash and Bank Balance	62,64,302	130,02,25,650
Closing Cash & Bank Balances	153,08,79,619	62,64,302

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Tamil Nadu Urban Road Infrastructure Fund)

Place : Chennai

Date : 19.06.2012

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	23,26,28,483	156,96,44,825
Add: Grant assistance received during the year	152,30,61,844	904,61,00,000
Excess of Income over Expenditure	3,07,40,793	20,25,19,016
	178,64,31,120	1081,82,63,841
Less : Disbursements to ULBs	0	1055,14,77,824
Disbursements to consultants	1,97,31,973	3,41,57,534
Total	176,66,99,147	23,26,28,483
Schedule - 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Account	116,61,38,619	64,302
in Term Deposit Account	36,47,41,000	62,00,000
Total	153,08,79,619	62,64,302
Schedule - 3		
Loans and advances		
Accrued interest on Term Deposits	224,44,849	1,77,49,417
Term Deposit with Companies	21,33,91,533	20,86,28,000
Total	23,58,36,382	22,63,77,417
Schedule - 4		
Current Liabilities		
Audit Fee payable	16,854	13,236
Total	16,854	13,236

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

(Grant fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2012

Schedule 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The Government of Tamil Nadu has created a non-lapsable fund in the name of Tamil Nadu Urban Road Infrastructure Fund (TURIF) to implement Tamil Nadu Road Urban Infrastructure Project (TURIP). The objective of TURIP is to develop and maintain a sustainable urban road infrastructure in the urban local bodies. The fund is managed by Tamil Nadu Urban Infrastructure Financial Services Limited.

2. Significant Accounting Policies

- a) Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made towards grant and other eligible expenditure.
- c) Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 5

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of
Tamil Nadu Urban Road Infrastructure Fund)**

Place : Chennai

Date : 19.06.2012

JBIC Grant Fund - I

Report on the activities and Annual Accounts of

JBIC Grant Fund – I for the FY 2011 - 2012

1. Introduction

The Government of Tamil Nadu (GoTN) vide G.O. 2D. No.112, Municipal Administration & Water Supply (MA-II) Department, dated 06.08.2008 accorded administrative approval for implementation of Tamil Nadu Urban Infrastructure Project (TNUIP) assisted by JBIC (now it is JICA). The total outlay of the project is JPY 9824 Million (about ` 344.70 crores). The amount allocated to JBIC Grant Fund I (JBIC GF I) is JPY 2928 Million (about ` 102.73 crores). The GoTN vide G.O. Ms. No.210, Municipal Administration & Water Supply (MA-II) Department, dated 23.10.2008 prescribed guidelines for operation and management of JBIC GF-I.

2. Objectives

The JBIC Grant Fund - I is a capital grant fund and will be used to assist Urban Local Bodies (ULBs) towards,

- Providing capital grant to the urban infrastructure projects financed under JBIC line of credit, which directly benefit the urban low income population.
- Providing project viability gap fund for the sub-projects, financed under JBIC line of credit.

3. Fund Management

The JBIC GF-I is managed and operated by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as fund manager of JBIC GF-I.

4. Fund Size, sources and allocation

The JBIC GF-I is a Government Fund and is a part of TNUIP assisted by JICA. A sum of ` 102.73 crores is allocated to JBIC GF - I. The amount is provided by the Government by way of budgetary allocation, every year. The interest from investments and any other income earned or accruing to Fund will also form part of its corpus and will be applied for the purposes for which the Fund is created.

5. Eligibility Criteria

5.1. Eligibility

The financial assistance under the JBIC GF -I will be subject to the following conditions:

- more than 20% of project beneficiaries shall be the people living below the poverty line.
- 80% of property tax should have been collected in the past three years prior to the project investment year.
- the urban local body should have repaid all loan dues for two years prior to the project investment year.

5.2. Eligible Projects

The water supply and sanitation & sewerage projects implemented by ULBs with the objective to provide safe and reliable water supply and sewerage services thereby contributing to improvement of living conditions of local residents in the concerned areas are eligible for financial assistance.

5.3. Eligible Grant Applicants

All ULBs in the State of Tamil Nadu are eligible for financial assistance.

5.4. Eligible Amount

The maximum capital grant for water supply sub-projects shall not exceed 20% of the project cost and maximum capital grant for sanitation & sewerage sub-projects shall not exceed 40% of the project cost. However, the Empowered Committee, constituted by the Government, will have the flexibility to decide upon the exact capital grant portion to be extended to sub-projects based on assessment of financial viability of the sub-project and the financial strength of the respective ULB.

6. Procedure for application and approval of grant

6.1 Application for grant

Application from the ULB for capital grant shall be submitted through Commissionerate of Municipal Administration / Commissionerate of Town Panchayats to the fund manager, with the following :

(a) Council Resolution

The ULBs shall submit the Council Resolution for execution of the project and availing the capital grant under JBIC GF-I.

(b) Detailed Project Report

The application for grant should contain a detailed report of the project covering the subjects including suitability of site; availability of inputs; appropriateness, of a proven experience with the technology offered; project design; arrangements for detailed engineering; cost estimates; construction and procurement arrangements; arrangements for operation and maintenance; arrangements for compliance with environmental, resettlement and social standard as stipulated by the Government from time to time, in consistence with the Environmental and Social Framework as applicable, adequacy of the proposed financing and the eligibility criteria.

(c) Details of below poverty line population

In case of the projects which directly benefit the urban low-income population, the justification for the use of the Grant Fund should be substantiated in the grant proposal by indicating the numbers of targeted urban low-income population and specific project areas and expected impact on the improvement of the living standard of the targeted population.

6.2 Appraisal of the grant application and the project

While appraising the grant fund application, it shall be ensured that

- (a) The purpose of grant meets the objectives as prescribed in the JBIC GF-I guidelines;
- (b) The project uses the most appropriate process and cost effective technology and technical specifications;

- (c) The project is adequately funded;
- (d) The ULBs demonstrates financial and institutional capacity to operate and maintain the facilities constructed;
- (e) The project meets the requirements stipulated in the Environment and Social Framework, as applicable.

6.3 Approval by the Empowered Committee

Based on the appraisal, a detailed appraisal report shall be placed before the Empowered Committee, constituted by the Government for necessary approval. The Empowered will sanction and finalize the means of finance including the quantum of capital grants and accord administrative sanction for the sub-projects to be funded under TNUIP.

6.4 Disbursement of Grant

Based on the approval of the Empowered Committee, the fund manager shall intimate the amount of capital grant sanctioned and prescribe conditions as may be required for proper utilization of grant for the implementation of the sub-projects funded under TNUIP. Based on the progress of work, the grant shall be disbursed to ULBs, in one or more installments.

7. Procurement procedures

The sub-projects to be financed under the JBIC Grant Fund-I shall follow the Tamil Nadu Transparency in Tenders Act 1998, as amended, from time to time

8. Performance

The funds have been committed for six water supply projects amounting to ` 102.73 crores, of which a sum of ` 53.45 crores has already been disbursed upto 31.03.2012. A sum of ` 28.80 crores (previous year ` 9.89 crores) has been disbursed to the ULBs during the financial year 2011-12 based on the progress of the project. The details of funds committed and amount disbursed up to 31.03.2012 are furnished below :

(` in crores)

Sl. No.	Name of the ULB	Sector	Sanctioned	Disbursed
1	Trichy Corporation	Water Supply	66.43	53.45
2	Madhavaram	Water Supply	16.50	0.00
3	Palani	Water Supply	6.48	0.00
4	Coonoor	Water Supply	4.16	0.00
5	Idappadi	Water Supply	6.67	0.00
6	Devakottai	Water Supply	2.49	0.00
	TOTAL		102.73	53.45

9. Accounts and Audit

The Annual Accounts for the financial year 2011-2012 have been audited by M/s. S. Sonny Associates, Chartered Accountants, Chennai – 600 041.

AUDITORS' REPORT
TO THE FUND MANAGER OF JBIC GRANT FUND I

We have audited the attached financial statement of **JBIC Grant Fund I of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account, Income & Expenditure Account and Balance Sheet for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- (c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- (d) The Balance Sheet, the Income & Expenditure Account and the Receipts & Payments Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- (e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given
 - i. In case of the Balance Sheet, of the state of affairs of the **JBIC Grant Fund-I** as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, **of Deficit** of the fund for the year ended on that date.

For **M/s. S. Sonny Associates**
Chartered Accountants
Firm's Registration No. 003935S

Sd/-

S. Sundar

Partner

Membership No.023425

Place : Chennai
Date : 19.06.2012

JBIC GRANT FUND - I
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31st MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
Sources of Fund			
Grant Fund	1	31,46,07,821	10,52,86,885
Total		31,46,07,821	10,52,86,885
Application of Fund			
Current Assets,			
Loans and Advances			
Cash and Bank Balances	2	31,44,59,326	10,52,81,518
Loans and Advances	3	1,61,978	18,603
		31,46,21,304	10,53,00,121
Less: Current Liabilities	4	13,483	13,236
Net Current Assets		31,46,07,821	10,52,86,885
Total		31,46,07,821	10,52,86,885
Notes on Accounts (Schedule - 5)			

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For **S. Sonny Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - I)**

Place : Chennai

Date : 19.06.2012

JBIC GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	3,08,533	40,974
On Deposit Accounts	2,02,526	4,10,730
Total	5,11,059	4,51,704
Expenditure		
Management Fee	31,76,640	10,90,867
Audit Fee – Statutory Audit	13,483	13,236
Total	31,90,123	11,04,103
Excess of Expenditure over Income transferred to Grant Fund Notes on Accounts (Schedule 5)	(26,79,064)	(6,52,399)

Schedules referred to above form an integral part of accounts

Vide our report of even date attached

For **S. Sonny Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - I)**

Place : Chennai

Date : 19.06.2012

JBIC GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	50,00,00,000	0
Interest Receipts	3,67,684	4,36,021
Total	50,03,67,684	4,36,021
Payments		
Disbursement to Urban Local Bodies	28,80,00,000	9,89,00,000
Management Fee	31,76,640	10,90,867
Statutory Audit Fees	13,236	13,236
Total	29,11,89,876	10,00,04,103
Surplus / (Deficit) for the year	20,91,77,808	(9,95,68,082)
Add: Opening Cash and Bank Balance	10,52,81,518	20,48,49,600
Closing Cash & Bank Balances	31,44,59,326	10,52,81,518

Vide our report of even date attached

For **S. Sonny Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - I)

Place : Chennai

Date : 19.06.2012

JBIC GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March 2011

Particulars	As at 31.03.2012	As at 31.03.2011
SCHEDULE - 1		
Grant Fund		
Balance at the beginning of the year	10,52,86,885	20,48,39,284
Grant assistance received during the year	50,00,00,000	0
	60,52,86,885	20,48,39,284
Less: Disbursement to ULBs during the period	28,80,00,000	9,89,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	26,79,064	6,52,399
Total	31,46,07,821	10,52,86,885
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Account	1,59,326	49,272
in Term Deposit Account	1,43,00,000	12,32,246
in Public Deposit Account	30,00,00,000	10,40,00,000
Total	31,44,59,326	10,52,81,518
Schedule -3		
Loans and Advances		
Accrued interest on Term Deposits	1,61,978	18,603
Total	1,61,978	18,603
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,236
Total	13,483	13,236

JBIC GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2012

SCHEDULE 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The JBIC Grant Fund I is a capital grant fund created by Government of Tamil Nadu to assist urban local bodies for providing capital grant and project viability gap fund to implement urban infrastructure projects financed under JBIC line of credit.

2. Significant Accounting Policies

- a) **Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) **Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made towards capital grant & project viability gap fund and other eligible expenditure.
- c) **Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the Fund Manager.

3. Previous year figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For **S. Sonny Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - I)

Place : Chennai

Date : 19.06.2012

JBIC Grant Fund - II

Report on the activities and Annual Accounts of JBIC Grant Fund – II for the FY 2011 - 2012

1. Introduction

The Government of Tamil Nadu (GoTN) vide G.O. (2D). No.112, Municipal Administration & Water Supply (MA-II) Department, dated 06.08.2008 accorded administrative approval for implementation of Tamil Nadu Urban Infrastructure Project (TNUIP) assisted by JBIC (now it is JICA). The total outlay of the project is JPY 9824 Million (about ` 344.70 crores). The allocation to the fund JBIC Grant Fund-II (JBIC GF-II) is JPY 479 Million (about ` 16.81 crores). The GoTN vide G.O. Ms. No.126, Municipal Administration & Water Supply (MA-II) Department, dated 09.07.2010 prescribed guidelines for operation and management of JBIC GF-II.

2. Objectives

The JBIC Grant Fund – II is a technical assistance grant and will be used to support the sub-projects to be funded under TNUIP towards Project Management Consultancy, Quality Assurance Consultancy and Environmental Management Consultancy.

3. Fund Management

The JBIC Grant Fund -II is managed and operated by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as fund manager of JBIC GF-II.

4. Fund Size, sources and allocation

The JBIC GF-II is a Government Fund and is a part of TNUIP assisted by JICA. A sum of ` 16.81 crores is allocated to JBIC GF - II. The amount will be provided by the Government by way of budgetary allocation, every year. The interest from investments and any other income earned or accruing to Fund will also form part of its corpus and will be applied for the purposes for which the Fund is created.

5. Eligibility Criteria

5.1 Eligible Projects

The JBIC Grant Fund-II will finance the cost of technical assistance towards Sub-project Management Consultancy, Quality Assurance Consultancy as Lenders' Engineer and Environmental Management Consultancy to ensure compliance with Environment & Social

Framework in respect of the water supply projects and the sanitation and sewerage project implemented by ULBs or other agencies on behalf of ULBs, with the objective of up-gradation of the living standards of urban population and improvements in the service delivery to such population in the State of Tamil Nadu.

5.2 Eligible Grant Applicants

All ULBs in the State of Tamil Nadu where urban infrastructure projects are funded under TNUIP are eligible for financial assistance.

6. Procedure for application and approval of Grant

6.1 Application for Grant

Application from the ULB for technical assistance grant shall be submitted through Commissionerate of Municipal Administration / Commissionerate of Town Panchayats, to the fund manager, with the following:

a. Council Resolution

The ULB shall submit a Council Resolution for the required technical assistance and availing the grant under JBIC Grant Fund-II.

b. Scope of Technical Assistance

The application from ULBs for technical assistance should contain the details name of the project, detailed cost estimate of project, background and need for technical assistance, objectives of the required technical assistance, scope of services required for the technical assistance, data and any other support to be provided by the ULBs, institutional capacity to implement the system and other details to justify the requirement of technical assistance, and a copy of detailed project report of the proposed project for which technical assistance is sought.

c. Details of below poverty line population

In case of the projects which directly benefit the urban low-income population, the justification for the use of the Grant Fund should be substantiated in the grant proposal by indicating the numbers of targeted-urban low-income population and specific project areas and expected impact on the improvement of the living standard of the targeted population.

6.2 Appraisal of the grant application and the project

The fund manager would process the application and prepare a detailed appraisal about the requirement of the technical assistance, terms of reference for the proposed technical assistance and recommendation on the technical assistance sought.

6.3 Approval by the JBIC GF-II Committee

Based on the appraisal, a detailed appraisal report shall be placed before the JBIC GF-II Committee, for necessary approval. The Committee will approve the grant provision for the required technical assistance based on the guidelines prescribed, recommendations of the fund manager and on the merits of the proposal.

6.4 Disbursement of Grant

Based on the approval of the Committee, the fund manager will appoint the competent consultant(s). Based on the progress of work and after due diligence, the grant shall be disbursed to the respective consultants, in one or more installments.

7. Procurement Procedures:

The Tamil Nadu Transparency in Tenders Act, 1998, amended up to date or procurement procedures as prescribed by JBIC, as the case may be, shall be applicable for the appointment of consultants.

8. Performance

A sum of ` 61.09 lakhs (previous year ` 77.17 lakhs) has been disbursed during the financial year 2011-2012 towards project management consultancy services for implementation of water supply scheme in Trichy Corporation.

9. Accounts and Audit

The Annual Accounts for the financial year 2011-2012 have been audited by M/s.S. Sonny Associates, Chartered Accountants, Chennai – 600 041.

AUDITORS' REPORT
TO THE FUND MANAGER OF JBIC GRANT FUND II

We have audited the attached financial statement of **JBIC Grant Fund II of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account, Income & Expenditure Account and the Balance Sheet for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- (c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- (d) The Balance Sheet, the Income & Expenditure Account and the Receipts and Payments Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- (e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given.
 - i. In case of the Balance Sheet, of the state of affairs of the **JBIC Grant Fund-II** as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of Surplus of the fund for the year ended on that date.

For **M/s. S. Sonny Associates**
Chartered Accountants
Firm's Registration No. 003935S

Sd/-
S. Sundar
Partner

Place : Chennai
Date : 19.06.2012

Membership No.023425

JBIC GRANT FUND - II
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31st MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
SOURCES OF FUND			
Grant Fund	1	1,13,21,769	1,71,59,124
Total		1,13,21,769	1,71,59,124
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	1,13,34,568	1,71,68,713
Loan and advances	3	684	3,647
		1,13,35,252	1,71,72,360
Less: Current Liabilities	4	13,483	13,236
Net Current Assets		1,13,21,769	1,71,59,124
Total		1,13,21,769	1,71,59,124
Notes on Accounts (Schedule - 5)			

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For **S. Sonny & Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Krishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

JBIC GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	35,202	45,653
On Deposit Accounts	3,17,811	1,39,428
Total	3,53,013	1,85,081
Expenditure		
Management Fee	67,388	1,41,914
Audit Fee – Statutory Audit	13,483	13,236
Total	80,871	1,55,150
Excess of Income over Expenditure transferred to Grant Fund	2,72,142	29,931
Notes on Accounts (Schedule 5)		

Schedules referred to above form an integral part of accounts

Vide our report of even date attached

For **S. Sonny & Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Krishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

JBIC GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	0	0
Interest Receipts	3,55,976	1,85,131
Total	3,55,976	1,85,131
Payments		
Disbursement to Consultant	61,09,497	77,17,305
Management Fee	67,388	1,41,914
Statutory Audit Fees	13,236	13,236
Total	61,90,121	78,72,455
Surplus / (Deficit) for the year	(58,34,145)	(76,87,324)
Add: Opening Cash and Bank Balance	1,71,68,713	2,48,56,037
Closing Cash & Bank Balances	1,13,34,568	1,71,68,713

Vide our report of even date attached

For **S. Sonny & Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Krishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

JBIC GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
SCHEDULE - 1		
Grant Fund		
Balance at the beginning of the year	1,71,59,124	2,48,46,498
Add : Grant assistance received during the year	0	0
Excess of Income over Expenditure transferred from Income & Expenditure Account	2,72,142	29,931
	1,74,31,266	2,48,76,429
Less : Disbursements to consultants during the year	61,09,497	77,17,305
Total	1,13,21,769	1,71,59,124
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Account	3,34,568	68,713
in Term Deposit Account	10,00,000	11,00,000
in Public Deposit Account	1,00,00,000	1,60,00,000
Total	1,13,34,568	1,71,68,713
Schedule -3		
Loans and Advances		
Accrued interest on Term Deposits	684	3,647
Total	684	3,647
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,236
Total	13,483	13,236

JBIC GRANT FUND -II

(Grant fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2012

Schedule 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The JBIC Grant Fund II is a technical assistance grant fund created by Government of Tamil Nadu towards Project Management Consultancy, Quality Assurance Consultancy and Environmental Management Consultancy for urban infrastructure projects financed under JBIC line of credit.

2. Significant Accounting Policies

- a) **Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) **Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made to consultants and other eligible expenditure.
- c) **Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the Fund Manager.

3. Previous year figures have been regrouped wherever necessary.

Schedules referred above form an integral part of accounts

Signature to Schedules 1 to 5

Vide our report of even date attached

For **S. Sonny Associates**

Chartered Accountants

Firm Regn. No. 003935S

Sd/-

S. Sundar

Partner

Membership No. 023425

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of JBIC Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND – I

Report on the activities and Annual Accounts of KfW Grant Fund – I for the FY 2011 - 2012

1. Introduction

The Government of Tamil Nadu (GoTN) has accorded its Administrative Sanction vide G.O. Ms. No.218, Municipal Administration & Water Supply (MA-II) Department, dated 03.11.2008 for implementation of Sustainable Municipal Infrastructure Financing – Tamil Nadu (SMIF-TN) program assisted by KfW. The GoTN vide G.O. Ms. No.40, Municipal Administration & Water Supply (MA-II) Department, dated 19.03.2009 prescribed guidelines for operation and management of KfW Grant Fund-I (KfW GF-I.) The total outlay of the project is Euro 77 Million (about ` 500 crores). The grant allocation to KfW GF I is Euro 23.22 Million (about ` 150.80 crores).

2. Objectives

The KfW GF-I is a capital grant fund and will be used to assist Urban Local Bodies (ULBs) towards,

- i. Providing capital grant to the urban infrastructure projects financed under KfW line of credit, which directly benefit the urban low income population.
- ii. Providing project viability gap fund for the sub-projects, financed under KfW line of credit.

3. Fund Management Operations and Procedures

The KfW GF-I is managed and operated by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as fund manager of KfW GF-I.

4. Fund Size, sources and allocation

The KfW GF-I is a Government Fund and is a part of SMIF-TN Program assisted by KfW. A sum of ` 150.80 crores is allocated to KfW GF - I. The amount will be provided by the Government by way of budgetary allocation, every year. The interest from investments and any other income earned or accruing to Fund will also form part of its corpus and will be applied for the purposes for which the Fund is created.

5. Eligibility Criteria

5.1. Eligibility

The financial assistance under the KfW GF - I will be subject to the following conditions:

- more than 20% of project beneficiaries shall be the people living below the poverty line.

- 80% of property tax should have been collected in the past three years prior to the project investment year.
- the urban local body should have repaid all loan dues for two years prior to the project investment year.

5.2. Eligible Projects

The water supply, sanitation & sewerage, municipal solid waste disposal, storm water drainage, urban transport infrastructure like rail over bridge, rail under bridge implemented by ULBs, with the objective of up-gradation of the living standards of urban population and improvements in the service delivery to such population in the State of Tamil Nadu or such other urban infrastructure projects as may be approved by the Government from time to time are eligible for financial assistance.

5.3. Eligible Grant Applicants

All ULBs in the State of Tamil Nadu are eligible for financial assistance.

5.4. Eligible Amount

The Empowered Committee, constituted by the Government will have the flexibility to decide upon the exact capital grant portion to be extended to sub- projects based on assessment of financial viability of the sub-project and the financial strength of the respective ULB.

6. Procedure for application and approval of grant

6.1 Application for grant

Application from the ULB for capital grant shall be submitted through Commissionerate of Municipal Administration / Commissionerate of Town Panchayats to the fund manager, with the following:

(a) Council Resolution

The ULBs shall submit the Council Resolution for execution of the project and availing the capital grant under KfW GF-I.

(b) Detailed Project Report

The application for grant should contain a detailed report of the project covering the subjects including: suitability of site; availability of inputs; appropriateness of a proven experience with the technology offered; project design; arrangements for detailed engineering; cost estimates; construction and procurement arrangements; arrangements for operation and maintenance; arrangements for compliance with environmental, resettlement and social standard as stipulated by the Government

from time to time, in consistence with the Environmental and Social Framework as applicable, adequacy of the proposed financing and the eligibility criteria.

(c) Details of below poverty line population

In case of the projects which directly benefit the urban low-income population, the justification for the use of the Grant Fund should be substantiated in the grant proposal by indicating the numbers of targeted urban low-income population and specific project areas and expected impact on the improvement of the living standard of the targeted population.

6.2 Appraisal of the grant application and the project

While appraising the grant fund application, it shall be ensured that

- The purpose of grant meets the objectives as prescribed in the KfW GF-I guidelines;
- The project uses the most appropriate process and cost effective technology and technical specifications;
- The project is adequately funded;
- The ULBs demonstrates financial and institutional capacity to operate and maintain the facilities constructed;
- The project meets the requirements stipulated in the Environment and Social Framework, as applicable.

6.3 Approval by the Empowered Committee

Based on the appraisal, a detailed appraisal report shall be placed before the Empowered Committee, constituted by the Government for necessary approval. The Empowered Committee will sanction and finalize the means of finance including the quantum of capital grants and accord administrative sanction for the sub-projects to be funded under SMIF – TN Program.

6.4 Disbursement of Grant

Based on the approval of the Empowered Committee, the fund manager shall intimate the amount of capital grant sanctioned and prescribe conditions as may be required for proper utilization of grant for the implementation of the sub-projects funded under SMIF-TN Program. Based on the progress of work, the grant shall be disbursed to ULBs, in one or more installments.

7. Procurement procedures

Procurement for the projects shall be subject to the procurement guidelines prescribed by International Bank for Reconstruction and Development or KfW. These guidelines may be complemented by the Tamil Nadu Transparency in Tenders Act.

8. Performance during the financial year 2011-12

The funds have been committed for 14 sub-projects under KfW assisted SMIF-TN, of which capital grant under KfW GF I has been sanctioned for 13 sub-projects amounting to ` 150.80 crores, of which ` 77.18 crores has already been disbursed to ULBs up to 31.03.2012. A sum of ` 25 crores only (previous year ` 15 crores) has been released by Government to KfW GF I during the financial year 2011-12. A sum of ` 23.67 crores only (previous year ` 20.27 crores) has been disbursed to the ULBs during the financial year 2011-12 based on the progress of the project. The details of funds committed and amount disbursed up to 31.03.2012 are furnished below :

(` in crores)

S.No	Name of the ULB	Sector	Sanctioned	Disbursed
1	Erode Corporation	UGSS	62.77	28.51
2	Tirunelveli Corporation	Water Supply	6.66	5.96
3	Tiruchy Corporation	Roads & SWD	5.00	5.00
4	Tiruppur Corporation	Storm Water Drains	10.00	9.98
5	Villupuram Municipality	UGSS	15.77	14.15
6	Panruti Municipality	Roads, SWD	1.00	0.75
7	Tiruvannamalai	Water Supply	11.00	7.00
8	Kadayanallur	Water Supply	6.42	1.83
9	Inam Karur	Water Supply	5.57	0.00
10	Pallipalayam	Water Supply	3.50	0.00
11	Ooty	Water Supply	8.16	4.00
12	Karur	Water Supply	7.40	0.00
13	Thanthoni	Water Supply	7.55	0.00
	Total		150.80	77.18

9. Accounts and Audit

The Annual Accounts for the financial year 2011-2012 have been audited by M/s. Anand & Ponnappan, Chartered Accountants, Chennai – 600 017.

AUDITORS' REPORT

TO THE FUND MANAGER OF KfW GRANT FUND I

We have audited the attached financial statement of **KfW Grant Fund I of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given
 - i. In case of the Balance Sheet, of the state of affairs of the KfW Grant Fund-I as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of Surplus of the fund for the year ended on that date.

For Anand & Ponnappan
Chartered Accountants
Firm's Registration No. 000111S
Sd/-

R.Ponnappan
Membership No.021695
Partner

Place : Chennai
Date : 19.06.2012

KfW GRANT FUND - I
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31st MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
Sources of Fund			
Grant Fund	1	11,56,49,404	17,59,513
Total		11,56,49,404	17,59,513
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	11,54,14,879	17,32,373
Loans and advances	3	2,48,008	40,376
		11,56,62,887	17,72,749
Less: Current Liabilities	4	13,483	13,236
Net Current Assets		11,56,49,404	17,59,513
Total		11,56,49,404	17,59,513
Notes on Accounts – Schedule 5			

Schedules referred above form an integral part of the Accounts

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - I)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	2,08,131	1,09,747
On Deposit Accounts	30,06,044	6,26,111
Total	32,14,175	7,35,858
Expenditure		
Management Fee	26,10,801	22,35,781
Audit Fee – Statutory Audit	13,483	13,236
Total	26,24,284	22,49,017
Excess of Income over Expenditure transferred to Grant Fund	5,89,891	(15,13,159)
Notes on Accounts - Schedule 5		

Schedules referred to above form an integral part of accounts

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - I)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	35,00,00,000	15,00,00,000
Interest Receipts	30,06,543	9,19,152
Total	35,30,06,543	15,09,19,152
Payments		
Disbursement to Urban Local Bodies	23,67,00,000	20,27,00,000
Management Fee	26,10,801	22,35,781
Audit Fees	13,236	13,236
Total	23,93,24,037	20,49,49,017
Surplus / (Deficit) for the year	11,36,82,506	(5,40,29,865)
Add: Opening Cash and Bank Balance	17,32,373	5,57,62,238
Closing Cash & Bank Balances	11,54,14,879	17,32,373

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - I)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - I

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
	in `	
SCHEDULE – 1		
Grant Fund		
Balance at the beginning of the year	17,59,513	5,59,72,672
Add: Grant assistance received during the year	35,00,00,000	15,00,00,000
Excess of Income over Expenditure transferred from Income & Expenditure Account	5,89,891	0
	35,23,49,404	20,59,72,672
Less: Disbursement to ULBs during the year	23,67,00,000	20,27,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	0	15,13,159
Total	11,56,49,404	17,59,513
Schedule – 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Account	4,14,879	1,42,738
In Term Deposit Account	1,50,00,000	15,89,635
In Public Deposit Account	10,00,00,000	0
Total	11,54,14,879	17,32,373
Schedule – 3		
Loans and advances		
Accrued interest on Term Deposits	2,48,008	40,376
Total	2,48,008	40,376
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,236
Total	13,483	13,236

KfW GRANT FUND - I
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2012

Schedule 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The KfW Grant Fund I is created by Government of Tamil Nadu to assist urban local bodies for providing capital grant and project viability gap fund to implement urban infrastructure projects financed under KfW line of credit.

2. Significant Accounting Policies

- a) Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made towards capital grant & project viability gap fund and other eligible expenditure.
- c) Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - I)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - II

Report on the activities and Annual Accounts of KfW Grant Fund – II for the FY 2011 - 2012

1. Introduction

The Government of Tamil Nadu (GoTN) has accorded its Administrative Sanction vide G.O. Ms. No.218, Municipal Administration & Water Supply (MA-II) Department, dated 03.11.2008 for implementation of Sustainable Municipal Infrastructure Financing – Tamil Nadu (SMIF-TN) program assisted by KfW. The GoTN vide G.O. Ms. No.61, Municipal Administration & Water Supply (MA-II) Department, dated 16.04.2009 prescribed guidelines for operation and management of KfW Grant Fund II (KfW GF-II). The total outlay of the project is Euro 77 Million (about ` 500 crores). The grant allocation to KfW GF II is Euro 2 Million (about ` 13.00 crores).

2. Objectives

The KfW Grant Fund – II is a technical assistance grant and will be used to support the participating Urban Local Bodies (ULBs) and other entities towards consultancy services. The objectives of the Fund are to finance the costs of technical assistance for strengthening of the planning and implementation capacities of ULBs in Tamil Nadu and the Tamil Nadu Urban Infrastructure Financial Services Limited (Project Executing Agency).

3. Fund Management Operations and Procedures

The KfW GF-II is managed and operated by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) based on the guidelines prescribed and procedures laid down by the Government, from time to time. TNUIFSL acts as fund manager and Project Executing Agency of KfW GF-II.

4. Fund Size, sources and allocation

The KfW GF-II is a Government Fund and is part of SMIF-TN Program assisted by KfW. A sum of ` 13.00 crores is allocated to KfW GF – II. The amount will be provided by the Government by way of budgetary allocation, every year. The interest from investments and any other income earned or accruing to Fund will also form part of its corpus and will be applied for the purposes for which the Fund is created.

5. Eligibility Criteria

5.1. Eligible Projects:

The KfW Grant Fund-II will finance

- Consulting services to support the establishment of an Asset / Liability Management System within the Project Executing Agency.

- Consulting Services with respect to the establishment and implementation of the Master Financing Indenture (MFI) and the management and coordination of the municipal pooled bond issues to support the senior level officer exclusively posted for the management of MFI implementation and corporate strategy at the Project Executing Agency.
- Technical ex-post review and evaluation mission(s) by an experienced water supply and sanitation engineer to ongoing and completed projects with proposals and training sessions for quality improvement, avoidance, of the mistakes and lessons to be learnt by contractors and supervisors.
- Capacity building, training and support for project preparation like detailed project reports, other studies, planning, and implementation (supervision, quality control during construction) for ULBs through qualified consultant firms.

5.2 Eligible Grant Applicants

All ULBs in the State of Tamil Nadu and Project Executing Agency are eligible for financial assistance.

6. Procedure for application and approval of grant

6.1 Application for Grant

Application from the ULBs for technical assistance grant shall be submitted through Commissionerate of Municipal Administration / Commissionerate of Town Panchayats, to the fund manager, with the following:

a. Council Resolution

The ULB shall submit a Council Resolution for the required technical assistance and availing the grant under KfW Grant Fund-II.

b. Scope of Technical Assistance

The application from ULBs for technical assistance should contain the details such as name of the project, detailed cost estimate of project, background and need for technical assistance, objectives of the required technical assistance, scope of services required for the technical assistance, data and any other support to be provided by the ULBs, institutional capacity to implement the system and other details to justify the requirement of technical assistance, and a copy of detailed project report of the proposed project for which technical assistance is sought.

c. Details of below poverty line population

In case of the projects which directly benefit the urban low-income population, the justification for the use of the Grant Fund II should be substantiated in the grant proposal by indicating the numbers of targeted-urban low-income population and specific project areas and expected impact on the improvement of the living standard of the targeted population.

6.2 Appraisal of the grant application and the project

The fund manager would process the application and prepare a detailed appraisal about the requirement of the technical assistance, terms of reference for the proposed technical assistance and recommendation on the technical assistance sought.

6.3 Approval by the KfW GF-II Committee

Based on the appraisal, a detailed appraisal report shall be placed before the KfW GF-II Committee, for necessary approval. The Committee will approve the grant provision for the required technical assistance based on the guidelines prescribed, recommendations of the fund manager and on the merits of the proposal.

6.4 Disbursement of Grant

Based on the approval of the Committee, the fund manager will appoint the competent consultant(s). Based on the progress of work after due diligence, the grant shall be disbursed to the consultants in one or more installments.

7. Procurement procedures

Procurement for the projects shall be subject to the procurement guidelines prescribed by International Bank for Reconstruction and Development or KfW. These guidelines may be complemented by the Tamil Nadu Transparency in Tenders Act.

8. Performance during the financial year 2011-12

A sum of ` 14.73 lakhs (previous year ` 2.28 lakhs) has been disbursed to the consultants during the financial year 2011-2012.

9. Accounts and Audit

The Annual Accounts for the financial year 2011-2012 have been audited by M/s.Anand & Ponnappan, Chartered Accountants, Chennai – 600 017.

AUDITORS' REPORT

TO THE FUND MANAGER OF KfW GRANT FUND II

We have audited the attached financial statement of **KfW Grant Fund II of Government of Tamil Nadu** managed by Tamil Nadu Urban Infrastructure Financial Services Limited as at 31st March 2012, the Receipts and Payments Account for the year ended on that date and Income & Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in 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. 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. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments as above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by the procedures & guidelines issued by the Government of Tamil Nadu have been kept so far as it appears from our examination of such books.
- c) The Balance Sheet, Receipts & Payments and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and the Income & Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and the generally accepted accounting principles followed in India.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view, subject to the notes given
 - i. In case of the Balance Sheet, of the state of affairs of the KfW Grant Fund-II as at 31.03.2012.
 - ii. In case of the Income & Expenditure Account, of surplus of the fund for the year ended on that date.

For **Anand & Ponnappan**
Chartered Accountants
Firm's Registration No. 000111S

Sd/-

R.Ponnappan

Partner

Membership No.021695

Place : Chennai
Date : 19.06.2012

KfW GRANT FUND - II
(Grant Fund of Government of Tamil Nadu)
BALANCE SHEET AS AT 31st MARCH 2012

Particulars	Sche- dules	As at 31.03.2012	As at 31.03.2011
Sources of Fund			
Grant Fund	1	2,15,44,346	2,14,89,649
Total		2,15,44,346	2,14,89,649
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	1,14,68,509	73,62,643
Loans and Advances	3	1,00,89,320	1,41,40,242
		2,15,57,829	2,15,02,885
Less: Current Liabilities	4	13,483	13,236
Net Current Assets		2,15,44,346	2,14,89,649
Total		2,15,44,346	2,14,89,649
Notes on Accounts – Schedule 5			

Schedules referred above form an integral part of the Accounts

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Income		
Interest earned		
On Savings Bank Account	44,503	42,835
On Deposit Accounts	19,85,546	13,81,555
Total	20,30,049	14,24,390
Expenditure		
Management Fee	16,251	2,515
Audit Fee – Statutory Audit	13,483	13,236
Total	29,734	15,751
Excess of Income over Expenditure transferred to Grant Fund	20,00,315	14,08,639
Notes on Accounts – Schedule 5		

Schedules referred to above form an integral part of accounts

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Receipts		
Grant Assistance from Government	0	0
Interest Receipts	15,29,291	14,80,073
Term Deposit with Companies	45,51,680	0
Total	60,80,971	14,80,073
Payments		
Disbursement to Consultants	19,45,618	2,27,950
Management Fee	16,251	2,515
Audit Fees	13,236	13,236
Term Deposit with Companies	0	83,72,480
Total	19,75,105	86,16,181
Surplus / (Deficit) for the year	41,05,866	(71,36,108)
Add: Opening Cash and Bank Balance	73,62,643	1,44,98,751
Closing Cash & Bank Balances	1,14,68,509	73,62,643

Vide our report of even date attached

For **Anand & Ponnappan**

Chartered Accountants

Firm Regn. No. 000111S

Sd/-

R. Ponnappan

Partner

Membership No. 021695

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Anita Praveen, IAS

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Sheela Balakrishnan, IAS

Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - II)**

Place : Chennai

Date : 19.06.2012

KfW GRANT FUND - II

(Grant Fund of Government of Tamil Nadu)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2012

Particulars	As at 31.03.2012	As at 31.03.2011
Schedule – 1		
Grant Fund		
Balance at the beginning of the year	214,89,649	2,03,08,960
Add: Grant assistance received during the year	0	0
Excess of Income over Expenditure	20,00,315	14,08,639
	2,34,89,964	2,17,17,599
Less: Disbursement to consultants	19,45,618	2,27,950
Total	2,15,44,346	2,14,89,649
Schedule – 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Account	5,68,509	2,15,429
in Term Deposit Account	1,09,00,000	71,47,214
Total	1,14,68,509	73,62,643
Schedule – 3		
Loans and advances		
Accrued interest on Term Deposits	14,68,520	9,67,762
Term Deposits with Companies	86,20,800	1,31,72,480
Total	1,00,89,320	1,41,40,242
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,236
Total	13,483	13,236

KfW GRANT FUND-II
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2012

Schedule 5

Notes on Accounts for the year ended 31.03.2012

1. Nature of operation

The KfW Grant Fund II is a technical assistance fund created by Government of Tamil Nadu to support the participating urban local bodies and other entities towards consultancy services for strengthening of planning and implementation capacities.

2. Significant Accounting Policies

- a) Financial Statements:** The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- b) Grant Fund:** The balance in Grant Fund represents funds received from the Government of Tamil Nadu, after making adjustment for interest & other income accrued to the fund, disbursements made grant and other eligible expenditure.
- c) Revenue Recognition:** Interest earned on the bank balances and term deposits is recognized on a time proportion basis on the outstanding balance at the applicable rates. Management fee is considered as per contractual obligation entered into with the fund manager.

3. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For **Anand & Ponnappan**

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Director

**(Tamil Nadu Urban Infrastructure Financial Services
Limited - Fund Manager of KfW Grant Fund - II)**

Place : Chennai

Date : 19.06.2012



TAMIL NADU URBAN DEVELOPMENT FUND

Vairam Complex, 1st Floor, 112, Theyagaraya Road, T. Nagar, Chennai - 600 017.
Phone : 044-2815 3104, 2815 3105, 2815 3107 Fax : 044 - 2815 3106

Website : www.tnudf.com