

Annual Report 2012 - 2013

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.

Mr. K. Phanindra Reddy, IAS.,
Secretary to Government,
MA&WS Department, Secretariat,
Fort St. George,
Chennai 600 009.

Mr. T. Udhayachandran, IAS.,
Secretary to Government (Expenditure),
Finance 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 600 018.

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

Mr. L. Krishnan,
Chief Executive Officer,
IL & FS Urban Infrastructure Managers Limited,
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. R.K. Kumar & Co.,
Chartered Accountants,
Chennai - 600 006.

**TAMILNADU URBAN INFRASTRUCTURE
TRUSTEE COMPANY LTD**

BOARD OF DIRECTORS

Mrs. Sheela Balakrishnan, IAS.,
Chief Secretary,
Government of Tamilnadu,
Secretariat, Fort St. George,
Chennai 600 009.

Chairperson

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

Mr. K. Phanindra Reddy, IAS.,
Secretary to Government,
MA&WS Department,
Secretariat, Fort St. George,
Chennai 600 009.

Mr. S. Krishnan, IAS.,
Principal Secretary to Government,
Planning and Development Department,
Secretariat, Fort St. George,
Chennai 600 009.

Mr. Thanga Kaliyaperumal, IAS.,
Secretary to Government,
H&UD Department,
Secretariat, Fort St. George,
Chennai 600 009.

Mr. S.P. Chidambaram,
Assistant General Manager,
ICICI Bank Limited,
No.1, Cenotaph Road,
Chennai - 600 018.

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

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

Mr. L. Krishnan,
Chief Executive Officer,
IL & FS Urban Infrastructure Managers Limited,
498, Anna Salai, Chennai - 600 035.

Bankers

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

Auditors

M/s. P.M.M. Associates,
Chartered Accountants,
Chennai - 600 014.

Registered Office

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

TAMIL NADU URBAN DEVELOPMENT FUND

Report on the activities of Tamil Nadu Urban Development Fund for the Financial Year 2012 – 2013

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 ₹ 1402.29 crores is available with TNUDF for providing financial assistance for implementation urban infrastructure projects:

₹ in crores

SI.No.	Sources	Available	Availed
1	Units	199.60	199.60
2	Loan under World Bank assisted TNUDP II	148.39	148.39
3	Loan under World Bank assisted TNUDP III	602.60	531.82
4	Loan under JICA assisted TNUIP	180.50	143.60
5	Loan Under KfW assisted SMIF - TN	271.20	191.00
	Total	1402.29	1214.41

Of the above, a sum of ₹ 1214.41 crores has been availed and 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 TNUDF 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 to TNUDF under TNUDF III to provide term loan to ULBs for implementation of urban infrastructure projects is ₹ 602.60 crores. The entire amount has been committed for 104 projects, of which 80 projects have been completed and 24 projects are under implementation. As on 31.03.2013 a sum of ₹ 468.08 crores has been disbursed as term loan to the ULBs 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 (₹ 152.26 crores in the form of term loan and ₹ 130.97 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 to TNUDF under TNUIP to provide term loan to ULBs for implementation of water supply projects is ₹ 152.26 crores and the entire amount has been committed for 7 water supply projects. All the 7 projects are under implementation. As on 31.03.2013 a sum of ₹ 106.55 crores has been disbursed as term loan to the ULBs 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 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 project completion period TNUDP III is 31st December 2012. Considering the time required for completion of the sub-projects under implementation the project period has been extended up to 31st December 2014.

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 to TNUDF 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, 2 projects have been completed and 12 projects are under implementation. As on 31.03.2013 a sum of ₹ 154.63 crores has been disbursed as term loan to the ULBs based on the progress of the projects.

In addition to the above, three lines of credit, documents for availing Euro 80 million (about ₹.578.16 crores) under KfW assisted Sustainable Municipal Infrastructure Financing – Tamil Nadu Phase II – Part I (SMIF-TN II-1) Program have been executed on 19.12.2012. The project implementation period is from December 2012 to June 2018.

7. PERFORMANCE

7.1 Project Approvals

During the financial year 2012-13, three urban infrastructure projects with a total project cost of ₹ 1353.32 crores have been financed and a sum of ₹ 342.21 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	1	25.98	21.60
2	Water Supply	2	1327.34	320.61
	Total	3	1353.32	342.21

7.2 Disbursements

During the financial year 2012 - 2013, a sum of ₹ 237.68 crores has been disbursed as loan as detailed below :

(₹ in crores)

Sector	Amount disbursed	
	2012 – 2013	2011 – 2012
Sewerage & Sanitation	60.96	31.47
Water Supply	172.24	38.00
Roads, Bridges, Storm Water Drains & River Improvement	0.00	8.94
Bus Stations and Office Building	4.48	6.95
Total	237.68	85.36

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 nine financial years. As on 31.03.2013, there are no non-performing assets.

9. Accounts and Audit

The Accounts for the financial year 2012-2013 have been completed and audited by M/s. P. M. M. Associates, Chartered Accountants, Chennai.

TAMIL NADU URBAN DEVELOPMENT FUND
HIGHLIGHTS OF PERFORMANCE

(₹ in Crores)

	31.3.13	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
Total Assets	1376.92	1272.84	1088.71	1001.40	687.59	673.13	531.40	492.85	477.60	554.23	794.03	688.93	657.52	425.33
Net worth	222.94	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
Total Income	99.42	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
Total Expenditure	88.67	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
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
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
Surplus before tax	10.75	10.48	4.36	4.50	-	-	-	-	-	-	-	-	-	-
Provision for Tax	3.49	3.24	1.27	1.43	-	-	-	-	-	-	-	-	-	-
Net income / surplus after tax transferred to Capital Fund	7.26	7.24	3.09	3.07	-	-	-	-	-	-	-	-	-	-
Average Return on Loan lending %	8.39	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
Yield on Investments %	10.24	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
Cost of funds %	7.66	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
Loan Sanctions (Net)	342.21	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
Loan Disbursements	237.68	85.36	165.35	151.46	88.63	70.74	69.42	26.71	102.50	51.13	2.53	19.71	219.29	56.12
Recoveries (Principal + Interest)	82.77	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
Collection Efficiency %	100.00	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

P. M. M. ASSOCIATES
CHARTERED ACCOUNTANTS

AUDITORS' REPORT
TO THE TRUSTEES OF TAMILNADU URBAN DEVELOPMENT FUND

- 1) We have audited the accompanying financial statements of TAMILNADU URBAN DEVELOPMENT FUND (the TRUST), which comprise the Balance Sheet as at 31st March 2013, and the Income and Expenditure Account and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and notes on accounts.
- 2) Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Trust in accordance with the Accounting Standards that are generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 3) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing that are generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Indian Trust Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Trust as at 31st March 2013;
 - b) in the case of the Income and Expenditure Account, of the surplus of the Trust for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 6) Further to our comments, we report that
 - i) 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;
 - ii) in our opinion proper books of account as required by law have been kept by the Trust so far as appears from our examination of those books;
 - iii) the Balance Sheet, Statement of Income and Expenditure Account together with notes thereon and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, Statement of Income and Expenditure and Cash Flow Statement comply with the Accounting Standards generally accepted in India; and
 - v) on the basis of information received from the Trustee Company as on 31st March 2013, and taken on record by the Trustees, none of the Trustees is disqualified as on 31st March 2013, from being appointed as a Trustee in terms of applicable provisions of Indian Trust Act.

P.M.M. ASSOCIATES
Chartered Accountants
Firm Registration No. 002494S
Sd/-
N. Ramaraj
Partner
Membership No. : 22683

Place : Chennai
Date : 24/06/2013

Old No. 47, New No. 12, Muthaiah Second Street, Royapettah, Chennai - 600 014.

TAMIL NADU URBAN DEVELOPMENT FUND
BALANCE SHEET AS AT 31st MARCH 2013

	Schedules	As at	As at
		31/03/2013	31/03/2012
		₹	
SOURCES OF FUNDS			
1 Capital Fund			
a. Contribution by Settlor	A	5,000	5,000
b. Reserves & Surplus	B	23,33,57,269	16,07,77,201
2 Other Funds			
a. Units	C	199,59,69,211	199,59,69,211
b. Loans Borrowed	D	1024,53,22,134	923,01,79,706
3 Current Liabilities	E	129,45,07,783	134,14,77,981
TOTAL		1376,91,61,397	1272,84,09,099
APPLICATION OF FUNDS			
4 Investments	F	81,83,469	3,16,27,661
5 Loans Disbursed	G	809,24,36,822	664,25,57,309
6 Current Assets	H	566,85,41,106	605,42,24,129
7 Significant Accounting Policies and Notes on Accounts	K		
TOTAL		1376,91,61,397	1272,84,09,099

Schedules referred above form an integral part of the Accounts
In terms of our report of even date attached

For P. M. M. Associates

Chartered Accountants
Firm Registration No. 002494S

Sd/-

N. Ramaraj

Partner

Membership No. 22683

Sd/-

L. Krishnan

K. Phanindra Reddy, IAS
(Trustees)

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

Sd/-

Place : Chennai

Date : 24/06/2013

Place : Chennai

Date : 24/06/2013

TAMIL NADU URBAN DEVELOPMENT FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Sche- dules	For the Year 2012 - 2013	For the Year 2011 - 2012
		₹	
INCOME			
1 Interest on Loans Disbursed		58,32,23,123	53,82,53,989
2 Interest on Deposits & Savings Bank Accounts		40,96,17,895	29,92,07,181
3 Income from Investments (Tax deducted at source on income ₹ 3,78,95,378/-; Previous year ₹ 2,94,23,929/-)		13,51,320	36,76,122
TOTAL		99,41,92,338	84,11,37,292
EXPENDITURE			
4 Financial Cost	I	81,88,02,935	68,66,11,057
5 Management Fee & other Operating Expenses	J	6,20,16,695	4,74,05,327
6 Provision in respect of Loans Disbursed		58,50,939	23,16,407
TOTAL		88,66,70,569	73,63,32,791
7 Net income before Tax		10,75,21,769	10,48,04,501
8 Less: Provision for Income Tax		3,49,41,700	3,23,56,875
9 Net Income / Surplus after tax transferred to Capital Fund		7,25,80,069	7,24,47,626
10 Significant Accounting Policies and Notes on Accounts	K		

Schedules referred above form an integral part of the Accounts
In terms of our report of even date attached

For P. M. M. Associates

Chartered Accountants
Firm Registration No. 002494S

Sd/-

N. Ramaraj

Partner

Membership No. 22683

Sd/-

L. Krishnan

Sd/-

**K. Phanindra Reddy, IAS
(Trustees)**

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

Place : Chennai

Date : 24/06/2013

Place : Chennai

Date : 24/06/2013

TAMIL NADU URBAN DEVELOPMENT FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

		For the Year Ended 31/03/2013	For the Year Ended 31/03/2012
		₹	
A.	Cash flow From Operating Activities		
	Surplus before Tax	10,75,21,769	10,48,04,501
	<i>Operating Surplus before Working Capital Changes</i>	10,75,21,769	10,48,04,501
	Adjustments for changes in :		
	Current Assets	(3,61,28,877)	(49,09,23,511)
	Current Liabilities	(8,19,11,899)	15,13,17,386
	<i>Cash Generated from Operations</i>	(1,05,19,007)	(23,48,01,624)
	Less: Tax Paid / Tax Deducted at source	(3,94,95,377)	(3,25,23,929)
	Net Cash from / (Used in) Operating Activities	(5,00,14,384)	(26,73,25,553)
B.	Cash Flow from Investing Activities		
	Loans Disbursed (Net)	(144,98,79,513)	(56,54,33,194)
	Investment (Net)	2,34,44,192	5,32,44,937
	Net Cash used in Investing Activities	(142,64,35,321)	(51,21,88,257)
C.	Cash Flow from Financing Activities		
	Unit	0	0
	Borrowings (Net)	101,51,42,428	208,51,80,077
	Net Cash from Financing Activities	101,51,42,428	208,51,80,077
	Net (Decrease) / Increase in Cash & Cash Equivalents (A + B + C)	(46,13,07,277)	130,56,66,267
	Cash and Cash equivalents at the beginning of the Accounting Period	372,92,09,622	242,35,43,355
	Cash and Cash equivalent at the end of the Accounting Period	326,79,02,345	372,92,09,622

In terms of our report of even date attached

For P. M. M. Associates

Chartered Accountants

Firm Registration No. 002494S

Sd/-

N. Ramaraj

Partner

Membership No. 22683

Place : Chennai

Date : 24/06/2013

Sd/-

L. Krishnan

Sd/-

K. Phanindra Reddy, IAS

(Trustees)

Directors of Tamil Nadu Urban

Infrastructure Trustee Company Limited

Place : Chennai

Date : 24/06/2013

TAMIL NADU URBAN DEVELOPMENT FUND

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
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	13,41,36,411	6,16,88,786
Add: Transfer during the year	7,25,80,069	7,24,47,626
	20,67,16,481	13,41,36,411
Total	23,33,57,269	16,07,77,201
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	148,38,86,145	157,55,51,515
b. Loans under TNUDP-III	525,84,35,989	430,86,28,191
2 Loans under JICA line of credit	143,60,00,000	143,60,00,000
3 Loans under KfW line of credit	191,00,00,000	191,00,00,000
4 Loans against deposits	15,70,00,000	0
Total	1024,53,22,134	923,01,79,706

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2013

Particulars	As at 31/03/2013	As at 31/03/2011
	₹	
Schedule E		
Current Liabilities		
1 Current Liabilities		
a. Expenses payable	2,22,471	2,07,303
b. Amount received in advance from borrowers	6,57,49,102	7,37,02,828
c. Other liabilities to Government of Tamil Nadu	8,94,307	78,98,585
d. Interest accrued but not due on borrowings	28,26,26,598	34,95,95,660
2 Provisions		
a. Provision for tax	9,42,71,305	5,93,29,605
b. Provision for Contingencies (See note 4 b)	85,07,44,000	85,07,44,000
Total	129,45,07,783	134,14,77,981
Schedule F		
Investments		
Long Term		
1 5.45% -Unsecured Redeemable Tax Free Bonds of ₹ 10 lakhs each issued by Chennai Metropolitan Water Supply and Sewerage Board	0	2,16,66,665
2 12.25% - Non Convertible Redeemable Bonds of ₹ 1 lakh each issued by Corporation of Madurai	81,83,469	99,60,996
Total	81,83,469	3,16,27,661
Schedule G		
Loans Disbursed		
1 Loans guaranteed by Government of Tamil Nadu	6,58,790	70,32,408
2 Other Loans	812,42,77,778	666,22,01,838
	812,49,36,568	666,92,34,246
Less: Provisions	3,24,99,746	2,66,76,937
Total	809,24,36,822	664,25,57,309

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule H		
Current Assets		
1 Cash and Cash Equivalents		
a. In Savings Bank Accounts	3,09,05,043	97,56,372
b. In Public Deposit Account	132,00,00,000	180,00,00,000
c. In Deposit Accounts	191,69,97,302	191,94,53,250
2 Current Investments		
a. Term Deposits with Companies	95,86,07,034	85,12,74,932
3 Other Current Assets		
a. Interest accrued on deposits and investments	13,13,72,330	10,43,55,968
b. Interest accrued on Public Deposit Account	10,84,33,333	11,70,93,333
c. Interest accrued on loans disbursed	15,35,31,756	14,23,13,526
d. Income Tax Paid under protest	88,42,86,608	88,42,86,608
e. Income tax paid in Advance / Tax Deducted at Source	16,44,07,700	12,49,12,323
f. Other Advances	0	10,07,77,817
Total	566,85,41,106	605,42,24,129
Schedule I		
Financial Cost		
1 Interest on units	15,28,91,242	14,77,01,722
2 Interest on loans borrowed	66,47,79,124	53,89,09,335
3 Interest on loans against deposits	11,32,569	0
Total	81,88,02,935	68,66,11,057
Schedule J		
Management Fee & Other Operating Expenses		
1 Management Fees	5,14,41,241	3,15,76,695
2 Front End Fees on loans borrowed	1,00,00,000	1,50,00,000
3 Auditors' Remuneration		
- Audit	1,35,000	1,30,000
- Tax Audit	15,000	15,000
- Service Tax	18,540	17,922
4 Other Expenses	4,06,914	6,65,710
Total	6,20,16,695	4,74,05,327

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2013

Schedule K

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 2013

Schedule K

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. Provision, 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 29 November 1996. Accordingly, the first Income and Expenditure Account was prepared for the period 29 November 1996 to 31 March 1997. However as per the orders of Government vide G.O. No. 400 Housing and Urban Development UD III (2) Department dated 13.09.1996, the assets and liabilities as at 30 September 1996 of the Tamil Nadu Municipal Urban Development Fund have been transferred to the Trust. Accordingly, the net income of the TNUDF for the period 1 October 1996 to 28 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.

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2013

Schedule K

Significant Accounting Policies and Notes on Accounts (Contd.)

3. Loans Disbursed and Provisioning Norms thereof

The loans disbursed by the Trust are unsecured. Loans disbursed amounting to ₹ 6,58,790/- 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 ₹ 137.16 crores (as on 31st March 2012 is ₹ 184.66 crores).
- b) The Trust has been assessed to income tax, disregarding the stand of the Trust, for the Assessment Years (AY) 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 (AO) 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 AO for fresh consideration. The AO has passed order / proceeding stating that the claim regarding exemption of income is not in order and requires to be rejected. In view of the above, filing of Writ Petition before the Hon'ble High Court of Judicature at Madras, is in process. For the AY 2008-09 and 2009-10 appeal has been filed with the Commissioner of Income Tax (Appeals) against the orders of the AO. Considering the above, a sum of ₹ 85,07,44,000/- has been provided for contingencies as of 31 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 P. M. M. Associates

Chartered Accountants

Firm Registration No. 002494S

Sd/-

N. Ramaraj

Partner

Membership No. 22683

Place : Chennai

Date : 24/06/2013

Sd/-

L. Krishnan

Sd/-

K. Phanindra Reddy, IAS

(Trustees)

Directors of Tamil Nadu Urban

Infrastructure Trustee Company Limited

Place : Chennai

Date : 24/06/2013

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the 16th Annual Report of the Company together with audited financial Statement for the year ended 31st March 2013.

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 2012-2013 are as follows :

(Amount in ₹)

	2012-13	2011-12
Income	1,03,204	98,690
Expenditure	89,718	87,224
Net Profit before tax	13,486	11,466
Net Profit after tax	8,986	7,866
Net Worth	10,52,928	10,43,942

2. AUDIT

M/s. P.M.M. Associates, Chartered Accountants, Chennai have been appointed as the statutory auditors and they have audited the accounts of the Company for the financial year ended 31.03.2013.

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 not earned any foreign exchange and there has been no outgo in foreign currency during the financial year 2012-13.

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:-

- that in the preparation of accounts, the applicable accounting standards have been followed along with proper explanation relating, to material departures;
- 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;
- 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
- 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 has been appointed as Director in the place of Mr. Debendranath Sarangi, IAS, Mr.K.Phanindra Reddy, IAS has been appointed as Director in the place of Mrs. Sheela Balakrishnan, IAS, Mr. Thanga Kaliyaperumal, IAS has been appointed as Director in the place of Mr.K.Phanindra Reddy, IAS and Mr.S.Krishnan, IAS has been appointed as Director in the place of Dr.R.Vijaykumar, 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.L.Krishnan and Mr.Mathew Joseph 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 : 08-08-2013

Chief Secretary
Chairperson – TNUITCL

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

22-E, Sri Subah Colony,
Munuswamy Road, K.K. Nagar,
Chennai – 600 078.

COMPLIANCE CERTIFICATE

CIN: U65991TN1996PLC036866

To

The Members
M/S TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
112, Thiyagaraya Road, Vairam complex, 1st 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 2013. In my opinion and to the best of my information and according to the examinations carried out by me and my 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 of the Companies Act, 1956 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 29-6-2012, 25-9-2012, 28-12-2012 and 28-03-2013 (the same has been adjourned to 2-4-2013) in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
- The company has not opted to close its Register of Members during the year under review.
- The Annual General Meeting for the year ended on 31st March, 2012 was held on 25th September 2012 after giving due notice to the members of 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/were held during the financial year.
- The company has not advanced any loan to its directors and / or persons or firms or companies referred in section 295 of the Act.
- The company has not entered into any contracts falling within the purview of section 297 of the Act.
- The company has made necessary entries in the Register maintained under section 301 of the Act.
- There were no instances falling under section 314 of the Act.
- The Company has not issued any Duplicate Share Certificate during the financial year.
- The Company has:
 - (i) not issued / transferred any shares during the financial year under review.
 - (ii) has not deposited any amount in a separate bank account as no dividend was declared during the financial year;
 - (iii) Not required to transfer any amount to Investor Education and Protection Fund.
 - (iv) Duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.

- There was no appointment of Managing Director / Whole time Director during the financial year under review.
- The company has not appointed any sole – selling agents during the financial year.
- The company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar, or such other authorities as may be prescribed under the various provisions of 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 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.
- 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 not made any borrowings during the financial year under review.
- The company has no inter corporate investments or loans as envisaged under section 372-A of the Act.
- 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 of Association 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 the Articles of Association during the financial year.
- The company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.
- The company has not received any money as security from its employees during the year.
- As explained by the management the company has no P.F. Trust on its own as envisaged under section 418 of the Act.

Place : Chennai
Date : 24-06-2013

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. Register of Disclosures.
5. Declaration of Interest.
6. Minutes of Board Meetings.
7. Minutes of General Body Meeting.

Annexure B

1. Form 32 filed on 22-10-2012 SRN B60255130
2. Form 66 (31-3-2012) filed on 25-10-2012 SRN : P91995985
3. Form 23 filed on 25-10-2012 SRN B60441649
4. Form 20B filed on 5-11-2012 SRN P94412731
5. Form 23AC & ACA filed on 5-11-2012 SRN P94344587

**P.M.M.ASSOCIATES
CHARTERED ACCOUNTANTS**

AUDITORS' REPORT

To the Members of

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

- 1) We have audited the accompanying financial statements of Tamil Nadu Urban Infrastructure Trustee Company Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.
- 2) Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 3) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date;
- 6) As required by the Companies(Auditor's Report) Order,2003 issued by the Central government of India in terms of sub-section(4A) of section 227 of the Act, we give the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
- i) 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;
 - ii) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - iii) the Balance Sheet, Statement Profit and Loss Account together with notes thereon dealt with by this Report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956.
 - v) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act,1956.
 - vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act,1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess due and payable by the Company.

For P.M.M. ASSOCIATES
Chartered Accountants
Firm Registration No. 002494S

Sd/-

N. Ramaraj
Partner

Membership No. 22683

Place : Chennai
Date : 24.06.2013

Old No.47, New No.12, Muthiah Second Street, Royapettah, Chennai 600 014

**P.M.M.ASSOCIATES
CHARTERED ACCOUNTANTS**

The Annexure referred to in paragraph “d” of Our Report of even date to the members of Tamil Nadu Urban Infrastructure Trustee Company Limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) The nature of the Company’s business/activities during the year is such that Clauses 1(a),1(b),1(c),2(a),2(b),2(c),5 (a),5 (b),8,11,13,14,15,16,17,18,19 and 20 of the order are not applicable to the Company.
- (ii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- (v) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- (vi) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- (vii) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- (viii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (ix) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For P.M.M. ASSOCIATES
Chartered Accountants
Firm Registration No. 002494S

Sd/-

N. Ramaraj
Partner

Membership No. 22683

Place : Chennai
Date : 24.06.2013

Old No.47, New No.12, Muthiah Second Street, Royapettah, Chennai 600 014

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH 2013

	Note No.	As at 31.03.2013	As at 31.03.2012
		₹	
I. EQUITY AND LIABILITY			
Shareholders Funds			
a. Share Capital	3	10,07,000	10,07,000
b. Reserves & Surplus	4	45,928	36,942
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	14,687	13,483
d. Short Term Provisions		0	0
Total		10,67,615	10,57,425
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	6	9,67,368	9,65,927
e. Short Term Loans and Advances		0	0
f. Other Current Assets	7	1,00,247	91,498
Total		10,67,615	10,57,425
Notes including Significant Accounting Policies	1 to 11		

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

As per our report of even date

For **P.M.M. Associates**

Chartered Accountants

Firm Reg. No. 002494S

For and on behalf of the Board of Directors

Sd/-

N.Ramaraj

Partner

Membership No. 22683

Sd/-

L. Krishnan

Director

Sd/-

K.Phanindra Reddy, IAS

Director

Place : Chennai

Date : 24.06.2013

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Note No.	For the year ended	For the year ended
		31st March 2013	31st March 2012
		₹	
I. Revenue from Operations		0	0
II. Other Income	8	1,03,204	98,690
III. Total Revenue (I+II)		1,03,204	98,690
IV. Expenses			
Employee Benefits		0	0
Finance Cost		0	0
Depreciation and amortization Expenses		0	0
Other Expenses	9	89,718	87,224
Total Expenses		89,718	87,224
V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		13,486	11,466
VI. Exceptional Items		0	0
VII. Profit Before Extraordinary Items and Tax (V - VI)		13,486	11,466
VIII. Extraordinary Items		0	0
IX. Profit Before Tax (VII - VIII)		13,486	11,466
X. Tax Expense			
1. Current Tax		4500	3,600
2. Deferred Tax		0	0
XI. Profit for the year from continuing operations (IX - X)		8,986	7,866
XII. Earnings Per Share (Basic & Diluted)	11.3	0.09	0.08
Notes including Significant Accounting Policies	1 to 11		

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

As per our report of even date

For **P.M.M. Associates**

Chartered Accountants
Firm Reg. No. 002494S

Sd/-

N.Ramaraj

Partner

Membership No. 22683

For and on behalf of the Board of Directors

Sd/-

L. Krishnan

Director

Sd/-

K.Phanindra Reddy, IAS

Director

Place : Chennai

Date : 24.06.2013

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013.

Note 1 : Corporate Information :

1. 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.

(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.

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Note 3: Share Capital

Particulars	As at 31st March 2013		As at 31st March 2012	
	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, 2013			
- 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, 2012			
- 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 2013		As at 31st March 2012	
	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%

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Note : 4 : Reserves and Surplus

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
(a) General reserve	0	0
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	36,942	29,076
Add: Profit / (Loss) for the year	8,986	7,866
Closing balance	45,928	36,942
Total	45,928	36,942

Note 5 : Other Current Liabilities

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
Other payables		
(i) Statutory remittances	0	0
(ii) Contractually reimbursable expenses	14,687	13,483
Total	14,687	13,483

Note 6 : Cash and Cash Equivalents

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
(a) Cash on hand	0	0
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	17,368	15,927
(ii) In deposit accounts	9,50,000	9,50,000
Total	9,67,368	9,65,927

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Note : 7 : Other Current Assets

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
(a) Accruals		
(i) Interest accrued on deposits	61,384	55,721
(ii) Interest accrued on investments	0	0
(b) Others		
(i) Advance tax and TDS (net of provisions)	38,863	35,777
(II) Term Deposits with Companies	0	0
Total	1,00,247	91,498

Note : 8 : Other Income

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
On Investments (Tax-free)	0	0
On term Deposits	1,03,204	98,690
Total	1,03,204	98,690

Note : 9 : Other Expenses

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
Administrative expenses	51,000	49,500
Repairs and maintenance - Others	3,300	3,300
Printing and stationery	4,458	3,000
Filing Fees	1500	3,200
Legal and professional	5,000	5,000
Payments to auditors : Statutory Audit Fees	13,483	13,483
Office Expenses	10,977	9,741
Total	89,718	87,224

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013

Note : 10 : Additional Information to the Financial Statements

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
10.1 Contingent liabilities and commitments (to the extent not provided for)	0	0
10.2 Amount due to MSME Units	0	0
10.3 Earnings per share		
Profit After Tax	8,986	7,866
Number of Equity Shares	1,00,700	1,00,700
Earning Per Share		
Basic	0.09	0.08
Diluted	0.09	0.08

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

10.5 Expenditure / Earnings in foreign currency

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

Note 11 : 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 **P.M.M. Associates**

Chartered Accountants

Firm Reg. No. 002494S

Sd/-

N.Ramaraj

Partner

Membership No. 22683

Place : Chennai

Date : 24.06.2013

For and on behalf of the Board of Directors

Sd/-

L. Krishnan

Director

Sd/-

K.Phanindra Reddy, IAS

Director

TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To

The Members

Yours Directors have great pleasure in presenting the Sixteenth Annual Report of the Company together with the audited financial Statement for the year ended 31st March 2013.

1. OPERATIONS:

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

- i. 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.
- ii. 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.
- iii. Capital Grant Funds created by Government of Tamil Nadu for providing capital grant / viability gap fund for urban infrastructure projects implemented by ULBs.
- iv. 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.
- v. 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.
- vi 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 various services to Tamil Nadu Housing Board, Tamil Nadu Slum Clearance Board, Department of Tourism, Department of Fisheries, Chennai Metropolitan Development Authority, Chennai Metropolitan Water Supply and Sewerage Board, Market Management Committee and State Transport Corporations.

2. FINANCIAL RESULTS

The summarized financial results of your Company for the financial year 2012 - 13 are furnished below :

(₹ in lakhs)

DETAILS	2012-13	2011-12
Income	893.00	638.59
Expenditure	362.98	293.79
Profit Before Tax	530.02	344.80
Profit After Tax	363.94	241.78
Surplus brought forward	1147.64	964.93
Amount available for appropriations	1511.58	1206.71
Appropriations :		
Transfer to General Reserve	36.40	24.18
Proposed dividend	30.02	30.02
Tax on dividend	5.10	4.87
Surplus carried to Balance Sheet	1440.06	1147.64
Net Profit on income (%)	40.75	37.86
Return on Net worth (%)	20.92	17.14
Earnings per share (Rs.)	36.37	24.16

3. DIVIDEND

Your Directors are happy to recommend a Dividend @ 30% on paid up equity share capital for the financial year ended 31.3.2013. The dividend (₹ 30.02 lakhs) together with dividend tax (₹ 5.10 lakhs) absorbs a sum of ₹ 35.12 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 there has been no outgo during the financial year 2012-13.

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:

- that in the preparation of the annual 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 the that period
- c. 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.
- d. 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.

Dr. Niranjani Mardi, IAS, has been appointed as Director in the place of Mr. T.K.Ramachandran, IAS, Mr.K. Phanindra Reddy, IAS, has been appointed as Director in the place of Mrs. Sheela Balakrishnan, IAS and Mr.T.Udhayachandran, IAS, has been appointed as Director in the place of Mr.S.Krishnan,IAS. Dr. Niranjani Mardi, IAS has relinquished Directorship in 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. Joseph Conrad A D'Souza and Mr.L.Krishnan, are to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

7. AUDIT

M/s. R.K.Kumar & Co., Chartered Accountants, Chennai have been appointed as the statutory auditors who have audited the accounts of the Company for the financial year 2012-2013.

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, Tamil Nadu Housing Board, Tamil Nadu Slum Clearance Board, Department of Tourism, Department of Fisheries, Chennai Metropolitan Development Authority, Chennai Metropolitan Water Supply and Sewerage Board, State Transport Corporations, 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
Sd/-

Place : Chennai – 600 017

Date : 06-08-2013

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: 23661875, 9381035900
murugantmp@yahoo.co.in

COMPLIANCE CERTIFICATE

CIN: U67190TN1996PLC036865

To
The Members
M/S TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
112, Thiyagaraya Road, Vairam complex
1st 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 2013. In my opinion and to the best of my information and according to the examinations carried out by me and my 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 of the Companies Act, 1956, 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 19-6-2012, 17-9-2012, 13-12-2012 and 14-3-2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
- The company has not opted to close its Register of Members during the year under review.
- The Annual General Meeting for the year ended on 31st March, 2012 was held on 17th September 2012 after giving due notice to the members of 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/were held during the financial year.

- The company has not advanced any loan to its directors and / or persons or firms or companies referred in section 295 of the Act.
- The company has not entered into any contract as envisaged under section 297 of the Act.
- The company has made necessary entries in the Register maintained under section 301 of the Act.
- There were no instances falling under section 314 of the Act.
- The Company has not issued any Duplicate Share Certificate during the financial year.
- The Company has:
 - (i) not issued / transferred any shares during the financial year under review.
 - (ii) & (iii) declared dividend and deposited the dividend amount in the bank account and paid to the members of the Company within the time prescribed under the Act.
 - (iv) Not required to transfer any amount to Investor Education and Protection Fund.
 - (v) Duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.
- There was no appointment of Managing Director / Whole-Time Director during the financial year under review.
- The company has not appointed any sole – selling agents during the financial year.
- The company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar, or such other authorities as may be prescribed under the various provisions of 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.
- 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 not made any borrowings during the financial year under review.

- The company has no inter corporate investments or loans as envisaged under section 372-A of the Act.
- 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 of Association 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 the Articles of Association during the financial year.
- The company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.
- The company has not received any money as security from its employees during the year.
- The company was regular in depositing Provident Fund dues with the relevant Statutory Authorities, but the company has no PF Trust on its own as envisaged under section 418 of the Act.

Place : Chennai
Date : 14.06.2013

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. Register of Disclosures.
5. Declaration of Interest.
6. Minutes of Board Meetings.
7. Minutes of General Body Meeting.

Annexure B

1. Form 32 filed on 9-7-2012 SRN B42847020
2. Form 23 filed on 5-10-2012 SRN B58958000
3. Form 66 (31-03-2012) filed on 5-10-2012 SRN: P89410146
4. Form 32 filed on 8-10-2012 SRN B59100487
5. Form 23AC &ACA (31-03-2012) filed on 16-10-2012 SRN No.: P90439506
6. Form 20B filed on 18-10-2012 SRN P90951070
7. Form 32 filed on 15-11-2012 SRN B61808051

**R.K.KUMAR & CO
CHARTERED ACCOUNTANTS**

AUDITOR'S REPORT

To

The Members of TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Tamil Nadu Urban Infrastructure Financial Services Limited (“the Company”)**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Forming an Opinion and Reporting on Financial Statements Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - i. 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;
 - ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - v. on the basis of 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 on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **R.K. Kumar & Co**
Chartered Accountants
Firm's Registration Number: 001595S

Sd/-

C.R.Sundararajan

Partner

Place : Chennai

Date : 13-06-2013

Membership Number : 025400

R.K. KUMAR & CO
CHARTERED ACCOUNTANTS

ANNEXURE REFERRED TO IN PARAGRAPH UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

- 1 The nature of the Company’s business during the year being a service company managing certain funds / institutions, hence 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.
- 2 (a) The Company is maintaining proper records showing full particulars Including quantitative details and situation of fixed assets.

(b) Management has physically verified all the assets of the Company during the year. No material discrepancies were noticed on such verification.

(c) In our opinion, the company has not disposed off any substantial part of its fixed assets during the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in the aforesaid internal control procedures.
4. The Company has not accepted any deposits from the public requiring compliance with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act.
5. 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 it business.
6. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities the undisputed statutory dues including provident fund, income tax, custom duty, service Tax and other material statutory dues as applicable with the appropriate authorities. We are informed that the Employees State Insurance Act is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.

(b) According to the information and explanations given to us and based the records of the Company examined by us, in our opinion there are no disputed dues that need to be deposited with the appropriate authorities.

R.K. KUMAR & CO
CHARTERED ACCOUNTANTS

- 7 The Company has been registered for a period more than five years and does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and immediately preceding financial year.
- 8 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- 9 Based upon the audit procedures performed and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For R.K. Kumar & Co
Chartered Accountants
Firm's Registration Number: 001595S
Sd/-
C.R.Sundararajan
Partner
Membership Number: 025400

Place : Chennai
Date : 20.06.2013

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2013

	Note No.	As at 31.03.2013	As at 31.03.2012
		₹	
I. EQUITY AND LIABILITY			
Shareholders' Funds			
a. Share Capital	3	1,00,07,000	1,00,07,000
b. Reserves & Surplus	4	16,39,42,042	13,10,60,594
Non Current Liabilities			
a. Long Term Borrowings		0	0
b. Other Long Term Liabilities		0	0
c. Long Term Provisions	5	25,49,037	0
Current Liabilities			
a. Short Term Borrowings		0	0
b. Trade Payables		0	0
c. Other Current Liabilities	6	47,65,832	25,85,050
d. Short Term Provisions	7	36,32,973	49,61,933
Total		18,48,96,884	14,86,14,577
II. ASSETS			
1. Non Current Assets			
a. Fixed Assets (Net Block)			
i. Tangible Assets	8	37,80,863	40,74,789
ii. Intangible Assets		0	0
iii. Capital work in progress		0	0
iv. In-tangible Assets under development		0	0
b. Non-current Investments	9	3,19,00,000	3,19,00,000
c. Deferred Tax Asset (Net)	19.7	9,14,018	5,21,869
d. Long-term Loans and Advances		0	0
e. Other Non-current Assets		0	0
2. Current Assets			
a. Current Investments	10	3,05,00,000	0
b. Inventories		0	0
c. Trade Receivables	11	5,05,685	9,27,585
d. Cash and Cash Equivalents	12	11,23,29,459	10,61,08,194
e. Short Term Loans and Advances	13	14,19,028	16,97,683
f. Other Current Assets	14	35,47,831	33,84,457
Total		18,48,96,884	14,86,14,577
Notes including Significant Accounting Policies 1 to 20			

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

As per our report of even date

For R.K. Kumar & Co

Chartered Accountants
Firm Reg. No. 001595S

Sd/-

C.R. Sundararajan

Partner

Membership No. 025400

Place : Chennai

Date : 20.06.2013

For and on behalf of the Board of Directors

Sd/-

S.P. Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

A. Jayaraman

Senior Vice President & Company Secretary

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
		₹	
I. Revenue from Operations	15	7,53,69,650	5,14,98,479
II. Other Income	16	1,39,30,317	1,23,61,034
III. Total Revenue (I+II)		8,92,99,967	6,38,59,513
IV. Expenses			
Employee Benefits	17	2,33,18,922	1,86,16,491
Finance Cost		0	0
Depreciation and amortization Expenses	8	10,70,251	9,91,289
Other Expenses	18	1,19,09,188	97,71,625
Total Expenses		3,62,98,361	2,93,79,405
V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		5,30,01,606	3,44,80,108
VI. Exceptional Items		0	0
VII. Profit Before Extraordinary Items and Tax (V - VI)		5,30,01,606	3,44,80,108
VIII. Extraordinary Items		0	0
IX. Profit Before Tax (VII - VIII)		5,30,01,606	3,44,80,108
X. Tax Expense			
1. Current Tax		1,70,00,000	1,06,50,000
2. Deferred Tax	19.7	(3,92,149)	(3,48,212)
XI. Profit for the year from continuing operations (IX-X)		3,63,93,755	2,41,78,320
XII. Earnings Per Share (Basic & Diluted)	19.6	36.37	24.16
Notes including Significant Accounting Policies	1 to 20		

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

As per our report of even date

For R.K. Kumar & Co

Chartered Accountants

Firm Reg. No. 001595S

Sd/-

C.R. Sundararajan

Partner

Membership No. 025400

Place : Chennai

Date : 20.06.2013

For and on behalf of the Board of Directors

Sd/-

S.P. Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

A. Jayaraman

Senior Vice President & Company Secretary

TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	For the year ended 31.03.2013	For the year ended 31.03.2012
	₹	
A. Cash flow From Operating Activities		
Profit before Tax	5,30,01,606	3,44,80,108
Add: Bad Debts written off	6,70,735	0
Add: Depreciation	10,70,251	9,91,289
Loss / (Profit) on sale of Fixed Assets	0	(41,178)
Add: Dividend Paid	34,89,116	35,00,712
Less: Interest Received	(1,39,28,582)	(1,23,09,840)
Operating Profit before Working Capital Changes	4,43,03,126	2,66,21,091
Adjustments for		
(Increase) / Decrease in Current Assets	(3,39,646)	1,93,60,151
Increase / (Decrease) in Current Liabilities	(1,11,448)	(2,35,31,251)
Cash Generated from Operations	4,38,52,032	2,24,49,991
Less: Income Tax paid	(1,71,12,466)	(1,05,84,131)
Net Cash from Operating Activities (A)	2,67,39,566	1,18,65,860
B. Cash flow from Investing Activities		
Interest Received	1,39,28,582	1,23,09,840
Sale of Assets	0	1,46,000
Purchase of assets	(7,76,325)	(11,55,047)
Less: Increase in Deposits and Loans & Advances	(3,01,81,442)	(6,57,798)
Net Cash From Investing Activities (B)	(1,70,29,185)	(1,06,42,995)
C. Cash Flow from Financing Activities		
Dividend & Dividend Tax Paid	(34,89,116)	(35,00,712)
Net Cash from Financing Activities (C)	(34,89,116)	(35,00,712)
D. Net Increase in Cash and Cash Equivalents (A+B+C)	62,21,265	1,90,08,143
Cash and Cash equivalents at the beginning of the Accounting period	10,61,08,194	8,71,00,051
Cash and Cash equivalent at the end of the Accounting period	11,23,29,459	10,61,08,194
Notes including Significant Accounting Policies 1 to 20		

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

As per our report of even date

For R.K. Kumar & Co

Chartered Accountants

Firm Reg. No. 001595S

Sd/-

C.R. Sundararajan

Partner

Membership No. 025400

Place : Chennai

Date : 20.06.2013

For and on behalf of the Board of Directors

Sd/-

S.P. Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

A. Jayaraman

Senior Vice President & Company Secretary

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.

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 2013.

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 2013

Note 3 : Share Capital

Particulars	As at 31st March 2013		As at 31st March 2012	
	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	1,00,700	1,00,07,000

(c) Equity Reconciliation

Particulars	Opening Balance 01-04-2012	Fresh Issue	Closing Balance 31-03-2013
Equity shares with voting rights			
Year ended 31st March, 2013			
- 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, 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

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

Class of Shares / Name of Shareholder	As at 31st March 2013		As at 31st March 2012	
	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 2013

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
Note 4 : Reserves and Surplus		
(a) General reserve		
Opening balance	1,62,96,667	1,38,78,667
Add: Transferred from surplus in Statement of Profit and Loss	36,40,000	24,18,000
Closing balance (a)	1,99,36,667	1,62,96,667
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	11,47,63,927	9,64,92,723
Add: Profit / (Loss) for the year	3,63,93,755	2,41,78,320
	15,11,57,682	12,06,71,043
Less:		
Dividends proposed to be distributed to Equity Shareholders (₹ 3 per share)	30,02,100	30,02,100
Tax on dividend	5,10,207	4,87,016
Transferred to General reserve	36,40,000	24,18,000
Closing balance (b)	14,40,05,375	11,47,63,927
Total (a + b)	16,39,42,042	13,10,60,594
Note 5: Long Term Provisions		
Provision for employee benefits:		
Provision for earned leave	2549037	0
Total	2549037	0
Note 6: Other Current Liabilities		
Other payables		
(i) Statutory remittances	15,443	71,090
(ii) Contractually reimbursable expenses	47,50,389	25,13,960
(iii) Others	0	0
Total	47,65,832	25,85,050
Note 7: Short-term Provisions		
(a) Provision for employee benefits		
(i) Provision for earned leave	1,20,666	14,72,817
(ii) Others	0	0
(b) Provision - Others:		
(i) Provision for proposed equity dividend	30,02,100	30,02,100
(ii) Provision for tax on proposed dividend	5,10,207	4,87,016
(iii) Provision - others	0	0
Total	36,32,973	49,61,933

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Note 8 : Fixed Assets (Amount in ₹)

Particulars	Gross Block				Depreciation					Net Block	
	As at 01.04.2012	Additions	Deductions	As at 01.04.2013	Rate	As at 01.04.2012	For the Year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Computer Equipments & Software	20,24,551	6,85,511	0	27,10,062	40.00%	16,38,328	2,60,135	0	18,98,463	8,11,599	3,86,223
Office Equipment	18,31,830	90,814	0	19,22,644	13.91%	9,10,045	1,38,323	0	10,48,368	8,74,276	9,21,785
Furniture & Fixtures	18,79,814	0	0	18,79,814	18.10%	13,08,236	1,03,455	0	14,11,691	4,68,123	5,71,578
Vehicles	33,12,330	0	0	33,12,330	25.89%	11,17,127	5,68,338	0	16,85,465	16,26,865	21,95,203
Total	90,48,525	7,76,325	0	98,24,850		49,73,736	10,70,251	0	60,43,987	37,80,863	40,74,789
Previous Year	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

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	As at 31st March 2013	As at 31st March 2012
	Unquoted	Unquoted
	₹	
Note 9 : Non Current Investments		
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 10: Current Investments		
Deposit with companies	3,05,00,000	0
Total	3,05,00,000	0
Note 11: Trade Receivables		
Trade receivables outstanding for a period exceeding		
six months from the date they were due for payment		
Unsecured, considered good	2,02,248	7,40,075
Other Trade receivables		
Unsecured, considered good	3,03,437	1,87,510
Total	5,05,685	9,27,585
Note 12: Cash and Cash Equivalents		
(a) Cash on hand	0	0
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	13,42,303	17,08,194
(ii) In deposit accounts	11,09,87,156	10,44,00,000
Total	11,23,29,459	10,61,08,194

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
Note 13: Short-term Loans and Advances		
(a) Loans and advances to related parties	0	0
(b) Security deposits - 'Unsecured, considered good'		
Rental Deposit	7,06,860	7,06,860
Telephone Deposit	11,750	11,750
(c) Loans and advances to employees - 'Unsecured, considered good'		
Festival Advance	99,659	78,777
Travelling and other advances	0	40,831
(d) Prepaid expenses – 'Unsecured, considered good'	6,00,759	6,06,030
(e) Others - 'Unsecured, considered good'		
Advance for Purchase of Computer	0	2,53,434
Balance in DEMAT account	0	1
Total	14,19,028	16,97,683
Note 14: Other Current Assets		
(a) Accruals		
(i) Interest accrued on deposits	15,61,619	15,81,072
(ii) Interest accrued on investments	13,37,178	13,37,178
(b) Others		
(i) Advance tax and TDS (net of provisions)	6,49,034	4,45,757
(ii) Amount receivable from Government	0	20,450
Total	35,47,831	33,84,457
Note 15: Revenue from Operations		
Sale of Services - Revenue from Operations		
Appraisal fees	5,01,18,196	3,09,61,327
Supervision & recovery fees	2,15,48,232	1,84,63,680
Treasury Management Fees	2,84,307	2,62,553
Professional fees	34,18,915	18,10,919
Service tax collected	93,76,307	54,53,348
	8,47,45,957	5,69,51,827
Less: Service tax paid	93,76,307	54,53,348
Total	7,53,69,650	5,14,98,479

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013.

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
Note 16: Other Income		
(a) Interest Income		
On Investments(Tax-free)	23,92,500	23,92,500
On Term Deposits	1,15,36,082	99,17,340
(b) Other non-operating income		
Profit on sale of Fixed Assets	0	41,178
Miscellaneous Income	1,735	10,016
Total	1,39,30,317	1,23,61,034
Note 17: Employee Benefits		
Salaries and wages	2,00,15,044	1,55,50,339
Contributions to provident and other funds	24,13,456	20,89,415
Staff welfare expenses	8,90,422	9,76,737
Total	2,33,18,922	1,86,16,491
Note 18: Other Expenses		
Rent	14,37,180	13,63,230
Electricity	4,48,160	3,05,387
Repairs and maintenance - Others	2,28,626	2,37,492
Insurance	84,245	78,320
Rates and taxes	24,966	27,660
Communication	5,07,750	4,92,187
Travelling and conveyance	32,63,143	31,58,733
Printing and stationery	3,38,957	2,44,425
Legal and professional charges	23,41,219	23,15,461
Payments to auditors - Audit fees	65,000	60,000
- Tax audit fees	15,000	15,000
Office Expenses	10,95,180	10,99,646
Advertisement	10,16,400	0
Security Charges	1,53,360	1,29,600
Prior Period Expenses	0	12,164
Miscellaneous expenses	2,19,267	2,32,320
Bad Debts Written Off	6,70,735	0
Total	1,19,09,188	97,71,625

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013.

Note 19: Additional information to the financial statements

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
19.1 Contingent liabilities and commitments (to the extent not provided for)	0	0
19.2 Amount due to MSME Units	0	0

Employee benefit plans

19.3: 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.

19.4: Defined benefit plans

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

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

19.5: 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 31.03.2013

₹ In lakhs

Present Value of Obligations on 01/04/2012	8.54
Interest Cost	1.45
Current Service Cost	1.81
Benefits paid	(0.53)
Actuarial (gain)/loss on obligations	3.16
Present Value of Obligations as on 31/03/2013	23.99

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013.

Changes in fair value of plan assets

₹ In lakhs

Fair Value of plan assets as on 01/04/2012	19.14
Expected return on plan assets	1.83
Contributions	5.38
Benefits Paid	(0.53)
Actuarial (gain)/loss on plan assets	nil
Fair value of plan assets as on 31/03/2013	25.82

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	23.99
Fair value of plan assets as on 31/03/2013	25.82
Liability recognized in the Balance Sheet	1.83

Principal Assumptions used in determining post-employment benefit

Discount Rate	8.00%
Salary Escalation	8.00%
Expected return on plan assets	9.15%

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.

19.6: Earnings Per Share

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
Profit After Tax	3,63,93,755	2,41,78,320
Number of Equity Shares	1000700	1000700
Earning Per Share		
Basic	36.37	24.16
Diluted	36.37	24.16

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013.

19.7: Deferred Tax

Particulars	As at 31st March 2013		As at 31st March 2012	
	₹			
Deferred Tax Asset - Opening		5,21,869		1,73,657
Additions during the year				
On Fiscal Allowances on Fixed Assets	21,680		44,656	
On account of profit on sale of Fixed Assets	0		(13,360)	
On account of changes in tax rate	0		(4,039)	
On account of timing differences (Section 43B of the Income Tax Act, 1961)	3,70,469		3,20,955	
Amount to be (debited)/credited to Profit & Loss Account		3,92,149		3,48,212
Deferred Tax Asset - Closing		9,14,018		5,21,869

Particulars	As at 31st March 2013	As at 31st March 2012
	₹	
19.8 Expenditure in foreign currency	0	0
19.9 Earnings in foreign currency	0	0

Note 20: 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 R.K. Kumar & Co

Chartered Accountants
Firm Reg. No. 001595S

Sd/-

C.R. Sundararajan

Partner

Membership No. 025400

Place : Chennai

Date : 20.06.2013

For and on behalf of the Board of Directors

Sd/-

S.P. Chidambaram

Director

Sd/-

Anita Praveen, IAS

Chairperson & Managing Director

Sd/-

A. Jayaraman

Senior Vice President & Company Secretary

WATER AND SANITATION POOLED FUND

Activity Report for the financial year 2012-13

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 on pooled finance framework 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.

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
Secretary to the Government, MA & WS Department	Member
Principal Secretary to the Government, Finance Department	Member
Principal Secretary to the Government, Planning & Development 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. Pooled Bond Issues

A sum of ₹ 171.30 crs has been raised by issue of bonds under pooled bond framework as detailed below :

1	Amount Mobilized (₹ in crores)	30.41	6.70	83.19	51.00
2	Coupon rate	9.20% Taxable	7.25% Tax-free	7.50% Tax-free	10.60% Taxable
3	Rating	AAA(SO)	AA(SO)	AA(SO)	AA(SO)
4	Tenor	15 Years	10 years	10 years	10 years
5	No. of beneficiary ULBs	13	5	7	10
6	BSF /CREF/Cash Collateral (₹ in crores)	6.90	1.50	18.50	19.00
7	Month and Year of mobilization	December 2002	April 2008	September 2010	August 2012
8	Bond Balance as on 31.03.2013 (₹ in crores)	6.40	6.70	83.19	51.00

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 31.03.2013 is ₹ 55.69 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 has provided a sum of ₹ 19 crores as grant towards cash collateral and KfW has provided a sum of ₹ 65 crores as subordinated loan through Government of Tamil Nadu.

The Government vide G.O. Ms. No. 565, MA & WS Department, dated 09.11.2010 have approved the proposal of mobilizing resources by issue of taxable pooled bonds amounting to ₹ 102 Crores by WSPF by pooling the requirement of 20 urban infrastructure projects implemented in 19 participating ULBs. Based on the above, a sum of ₹ 51 crores has been mobilized in the first tranche during August 2012 and the balance amount of ₹ 51 crores in the second tranche during May 2013.

5. Accounts and Audit

The Accounts for the financial year 2012-13 have been audited by M/s. R.K.Kumar & 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.

AUDITOR'S REPORT
TO THE TRUSTEES OF WATER AND SANITATION POOLED FUND

We have audited the accompanying financial statements of Water and Sanitation Pooled Fund, a Trust wholly owned by Government of Tamil Nadu, which comprise the Balance Sheet as at March 31, 2013, 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, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Indian Trusts Act, 1882. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of Water and Sanitation Pooled Fund for the year ended March 31, 2013 are prepared, in all material respects, in accordance with the Indian Trusts Act, 1882.

For R.K.Kumar and Co.
Chartered Accountants
Firm's Registration Number: 001595S

Sd/-

C.R.Sundararajan

Partner

Membership Number: 025400

Place : Chennai
Date : 24.06.2013

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

BALANCE SHEET AS AT 31.03.2013

	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
SOURCES OF FUNDS			
1. Contribution by settler		10,000	10,000
2. Government Grant Account	A	100,21,13,460	86,12,71,958
3. Loans Borrowed	B	267,98,08,800	197,12,43,636
4. Current Liabilities	C	13,65,51,415	7,10,44,687
Total		381,84,83,675	290,35,70,281
APPLICATION OF FUNDS			
5. Loans Disbursed	D	235,77,01,726	161,71,14,442
6. Current Assets	E	146,07,81,949	128,64,55,839
Total		381,84,83,675	290,35,70,281

Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

For R.K. Kumar & Co.

Chartered Accountants

Firm Regn. No. 001595S

Sd/-

C.R.Sundararajan

Partner

Membership No. 025400

For Water and Sanitation Pooled Fund

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

K.Phanindra Reddy, IAS

Trustee

Place : Chennai

Date : 24.06.2013

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	Sche- dules	For the year ended 31/03/2013	For the year ended 31/03/2012
		₹	
INCOME			
Interest earned on Loans Disbursed	F	16,28,23,050	13,33,62,887
Project Development Grant		5,60,125	4,96,636
Total		16,33,83,175	13,38,59,523
EXPENDITURE			
Interest on Loans Borrowed	G	16,28,23,050	13,33,62,887
Project Development Expenses		5,60,125	4,96,636
Total		16,33,83,175	13,38,59,523
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 R.K. Kumar & Co.

Chartered Accountants

Firm Regn. No. 001595S

Sd/-

C.R.Sundararajan

Partner

Membership No. 025400

For Water and Sanitation Pooled Fund

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

K.Phanindra Reddy, IAS

Trustee

Place : Chennai

Date : 24.06.2013

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year ended 31/03/2013	For the year ended 31/03/2012
	₹	
Opening balances: Cash & Cash Equivalents		
-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 (A)	107,19,44,240	67,59,59,344
Receipts:		
Loan Installment Received	14,97,93,507	9,54,11,035
Grant from Government of Tamil Nadu	4,23,02,100	23,00,15,500
Grant from Grant Fund I for expenses	29,48,609	68,85,882
Deposit matured with Financial Institutions	0	12,36,22,117
Interest on Deposits	10,36,56,695	4,61,97,185
Interest on PD account	0	10,83,333
Loan from Government of Tamil Nadu	32,50,00,000	0
Proceeds of 10.60% Taxable Pooled Bonds	51,00,00,000	0
Total (B)	113,37,00,911	50,32,15,052
Total (A)+(B)	220,56,45,151	117,91,74,396
Payments:		
Payment to Bondholders	13,81,33,655	9,97,65,124
Expenses paid out of Grant from Grant Fund I	29,48,609	69,46,955
Expenses paid out of Grant from KfW Grant Fund II	44,685	0
Professional Fees	0	21,441
Deposit with Financial Institutions	2,27,36,906	0
Interest on PD account	10,83,333	0
Interest on Loan from Government	14,49,144	0
Loans Disbursed to ULBs	84,31,67,000	0
Project Development Expenses	4,99,905	4,96,636
Total (C)	101,00,63,237	10,72,30,156

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year ended 31/03/2013	For the year ended 31/03/2012
	₹	
Closing balances: Cash & Cash Equivalents		
-Cash on hand	0	0
-Balance in Savings Bank Accounts	1,56,55,408	10,00,227
-Balance in Public Deposit Account	32,50,00,000	32,60,83,333
-Balance in Term Deposit Account	85,49,26,506	74,48,60,680
Total (D) (A+B-C)	119,55,81,914	107,19,44,240

In terms of our report of even date attached

For R.K. Kumar & Co.

Chartered Accountants
Firm Regn. No. 001595S

Sd/-

C.R.Sundararajan

Partner

Membership No. 025400

For Water and Sanitation Pooled Fund

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

K.Phanindra Reddy, IAS

Trustee

Place : Chennai

Date : 24.06.2013

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
SCHEDULE - A:		
Government Grant Account		
Government of Tamil Nadu Grant Account	34,06,01,652	26,83,04,883
Cash Collateral for bond issue	22,65,43,569	20,80,24,719
Bond Service Fund	15,08,88,887	13,14,85,255
Credit Rating Enhancement Fund	27,85,82,008	24,80,33,241
Project Development Grant	54,97,344	54,23,860
Total	100,21,13,460	86,12,71,958
SCHEDULE - B:		
Loans Borrowed:		
9.20% 15 year Taxable Non-convertible Redeemable Bonds	6,40,33,331	12,16,39,998
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
7.10% 10 year Taxable Pooled Bonds	51,00,00,000	0
Other Loans Borrowed	55,68,75,469	62,57,03,638
Loan from Government of Tamil Nadu	65,00,00,000	32,50,00,000
Total	267,98,08,800	197,12,43,636
SCHEDULE - C:		
Current Liabilities:		
Interest payable to the bondholders	7,53,28,535	4,28,37,762
Interest payable on Government Loan	2,60,00,000	1,40,83,333
Interest payable on Other Loans	1,08,84,984	1,23,39,325
Other Liabilities	1,71,688	8,21,171
Received in advance from ULBs	2,41,66,208	9,63,096
Total	13,65,51,415	7,10,44,687
SCHEDULE - D:		
Loans Disbursed:		
Loans Disbursed to ULBs	180,08,26,257	99,14,10,804
Other Loans	55,68,75,469	62,57,03,638
Total	235,77,01,726	161,71,14,442

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
SCHEDULE - E:		
Current Assets		
Cash & Cash Equivalents:		
Balances with Scheduled Banks		
- in Savings Bank Accounts	1,56,55,408	10,00,227
- in Public Deposit Account	32,50,00,000	32,60,83,333
- in Term Deposit Accounts	85,49,26,506	74,48,60,680
Current Investments		
- Term Deposits with Financial Institutions	15,55,93,990	13,28,57,084
Other Current Assets		
- Interest Accrued on Deposits	4,56,78,809	4,46,59,372
- Interest Accrued on Loans Disbursed to ULBs	2,27,03,042	85,51,002
- Interest Accrued on Public Deposit	2,60,00,000	1,30,00,000
- Interest Accrued on Other Loans	1,08,84,984	1,23,39,325
- Amount receivable from ULBs	29,51,385	15,31,196
- Amount receivable from CTP	0	3,18,682
- Other Advances & Receivables	1,52,741	19,854
- Tax Deducted at source	12,35,084	12,35,084
Total	146,07,81,949	128,64,55,839
SCHEDULE - F:		
Interest earned on Loans Disbursed		
Interest earned on Loans to ULBs	11,46,48,897	7,99,18,093
Interest earned on Other Loans	4,81,74,153	5,34,44,794
Total	16,28,23,050	13,33,62,887
SCHEDULE - G:		
Interest on Loans Borrowed		
Interest on bonds issued	11,46,48,897	7,99,18,093
Interest on other Loans Borrowed	4,81,74,153	5,34,44,794
Total	16,28,23,050	13,33,62,887

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SCHEDULE - H

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2013

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. 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.

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.

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SCHEDULE - H

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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. The loss due to operation (interest loss) amounting to ₹ 55,76,604/- for the financial year 2012-13 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)

Schedules forming part of the Accounts for the year ended 31.03.2013

SCHEDULE - H

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

3. WSPF Bonds

A sum of ₹ 171.30 crores has been mobilized by issue of Taxable and Tax-free Non - Convertible Redeemable Pooled Bonds, of which a sum of ₹ 24.01 crores has been redeemed. The principal bond balance as on 31.03.2013 is ₹ 147.29 crores.

4. Employee Retirement Benefits

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

5. 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.

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

Signature to Schedules A to H

In terms of our report of even date attached

For R.K. Kumar & Co.

Chartered Accountants

Firm Regn. No. 001595S

Sd/-

C.R.Sundararajan

Partner

Membership No. 025400

For Water and Sanitation Pooled Fund

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

K.Phanindra Reddy, IAS

Trustee

Place : Chennai

Date : 24.06.2013

Grant Fund – I

Report on the activities and Annual Accounts of Grant Fund I for the FY 2012-2013

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

A sum of ₹ 811.90 crores has been allotted to Grant Fund – I as grant under TNUDP-III and a sum of ₹ 612 crores has been released by Government to Grant Fund-I up to 31.03.2013.

The funds have been committed for 104 sub-projects under TNUDP III, of which capital grant has been sanctioned for 86 sub-projects amounting to ₹ 824.52 crores (including exchange rate variation) under Grant Fund-I. A sum of ₹ 54.12 crores (previous year ₹ 111.93 crores) has been disbursed to the ULBs during the financial year 2012-13 based on the progress of the project. In total, a sum of ₹ 534.56 crores has been disbursed to ULBs as capital grant up to 31.3.2013, as detailed below :

(₹ in Crores)

Sl.No.	Scheme	No. of projects	Grant sanctioned	Grant disbursed
1.	Solid Waste Management	31	5.56	5.56
2.	Sanitation & Sewerage	25	550.94	377.40
3.	Water Supply	21	251.39	136.44
4.	Roads	7	6.07	5.57
5.	Bus Stand	1	1.19	1.19
6.	River Improvements	1	9.37	8.40
	Total	86	824.52	534.56

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 2012-13 have been audited by M/s. Joseph & Rajaram, Chartered Accountants, Chennai.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF GRANT FUND-I)**

We have audited the accompanying Financial Statements of GRANT FUND-I of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu has accorded its administrative sanction vide GO.Ms.No.55 Municipal Administration and Water Supply Department, dated 29/04/2005 for implementation of Third Tamil Nadu Urban Development Project (TNUDP III). Grant Fund-I is being operated and managed by the Fund Manager, Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), based on the guidelines prescribed by the Government of Tamil Nadu vide GO.Ms.No.77, Municipal Administration & Water Supply Department, dated 03.06.2005).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 GRANT FUND-I as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **Joseph & Rajaram**
Chartered Accountants
Firm Registration No. 001375 S
Sd/-

R. Lakshminarayanan
Partner

Membership No. 16246

Place : Chennai
Date : 20.06.2013

Grant Fund - I
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	165,66,74,062	212,24,18,506
Total		165,66,74,062	212,24,18,506
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	136,14,87,689	194,77,71,573
Loans and advances	3	29,52,26,298	17,46,84,610
		165,67,13,987	212,24,56,183
Less: Current Liabilities	4	39,925	37,677
Net Current Assets		165,66,74,062	212,24,18,506
Total		165,66,74,062	212,24,18,506
Notes on Accounts – Schedule 5			

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	4,12,306	11,02,363
On Deposit Accounts	8,40,83,345	7,39,04,872
Total	8,44,95,651	7,50,07,235
Expenditure		
Management Fee	60,80,766	1,23,46,409
Audit Fee – Statutory Audit	24,720	22,472
Total	61,05,486	1,23,68,881
Excess of Income over Expenditure transferred to Grant Fund	7,83,90,165	6,26,38,354
Notes on Accounts – Schedule 5		

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants
Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	0	200,00,00,000
Interest Receipts	8,35,69,986	5,73,23,041
Term Deposit with Companies	0	18,46,92,481
Other Receipts from TNUDF	84,75,195	0
Total	9,20,45,181	224,20,15,522
Payments		
Disbursement to Urban Local Bodies	54,11,86,000	111,93,48,000
Disbursement to WSPF	29,48,609	29,73,177
Term Deposit with Companies	12,04,30,673	0
Other Payments to TNUDF	38,78,807	84,75,195
Other Payments to WSPF	37,81,738	0
Management Fee	60,80,766	1,23,46,409
Audit Fees	22,472	22,060
Total	67,83,29,065	114,31,64,841
Surplus / (Deficit) for the year	(58,62,83,884)	109,88,50,681
Add: Opening Cash and Bank Balance	194,77,71,573	84,89,20,892
Closing Cash & Bank Balances	136,14,87,689	194,77,71,573

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants
Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan
Partner
Membership No. 16246

Sd/-

Anita Praveen, IAS
Chairperson &
Managing Director

Sd/-

K. Phanindra Reddy, IAS
Director

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

Place: Chennai
Date : 20.06.2013

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	212,24,18,506	118,21,01,329
Add: Grant received during the year	0	200,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	7,83,90,165	6,26,38,354
	220,08,08,671	324,47,39,683
Less: Disbursement to ULBs during the year	54,11,86,000	111,93,48,000
Disbursement towards other expenses	29,48,609	29,73,177
	165,66,74,062	212,24,18,506
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Bank Account	1,31,87,689	2,71,573
In Term Deposit Account	59,83,00,000	64,75,00,000
In Public Deposit Account	75,00,00,000	130,00,00,000
	136,14,87,689	194,77,71,573
Schedule - 3		
Loans and advances		
Accrued interest on Deposits	4,84,03,752	4,74,78,087
Term Deposit with Companies	23,80,00,000	11,75,69,327
TDS on interest on Deposits	11,62,001	11,62,001
Receivable from TNUDF	38,78,807	84,75,195
Receivable from WSPF	37,81,738	0
	29,52,26,298	17,46,84,610
Schedule - 4		
Current Liabilities		
Audit Fee payable	24,720	22,472
Other Liabilities	15,205	15,205
	39,925	37,677

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The Grant Fund-I (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.77, Municipal Administration & Water Supply Department, dated 03.06.2005. TNUIFSL is eligible for a fee of 1% of the disbursement made out of the Grant Fund-I.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation

The Grant Fund -I is created by GoTN 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. It is a Grant Fund of GoTN. The fund will be used to assist ULBs towards,

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

- 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 the Third Tamil Nadu Urban Development Project (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.

B. Interest on Government Public Deposit

A Public Deposit account with Reserve Bank of India was maintained under the authority of GoTN for the period from 05.01.1999 to 29.07.2005. The interest accrued amounting to ₹ 1,99,02,999/- on the above said deposit account was recognized in the accounts up to the Financial Year 2002-03 and included under interest accrued on deposits. Pending receipt of the interest from GoTN up to the financial year 2002-03, no further recognition of interest for the subsequent financial years has been considered on the same.

C. Previous years figures have been regrouped / reclassified wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund – II

Report on the activities and Annual Accounts of Grant Fund II for the FY 2012-2013

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 2012-13

I. Assignments completed during the financial year 2012-13:

- i. Carrying out Technical Quality Audit for all water supply and under ground sewerage schemes funded by TNUDF.
- ii. Carrying out Social Assessment and Monitoring of sub-projects assisted under external lines of credit.
- iii. Study on Theyagaraya Nagar urban re-development for Chennai Corporation.
- iv. Preparation of Ecological designs along Cooum River for 1.6 km in Chennai for Chennai Corporation.
- v. Preparation of Detailed Project Reprot (DPR) for construction of Multi Level Two Wheeler Parking at NSC Bose Road adjacent to Flower Bazaar Police Station for Chennai Corporation.
- vi. Transaction Advisory Services
 - 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 Palayamakottai Nehruji children park for Tirunelveli Corporation.
 - To renovate and improve eight water bodies and to develop a model through BOT for Coimbatore Corporation.
 - To develop a model through BOT for land development for Pallavan House for Metropolitan Transport Corporation.
 - To develop vacant land in Kumbakonam Municipality.
- vii. Proof checking of DPR prepared by TWAD Board for providing Combined Water Supply Scheme to Azhagiapandiapuram & 8 Town Panchayats and 246 Rural Habitations in Kaniyakumari District

II. Ongoing assignments:

a) Assignments taken up during previous financial years

- i. Consultancy assignment for Preparation of City Regional Plan for Sriperumpudur.
- ii. Transaction Advisory Services
 - 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 Mamandur, Vikravandi, Ulundurpet, Kancheepuram and Tiruvannmalai for TNSTC (Villupuram) Ltd.
 - To construct Multi Level Car Parking in front of Panagal Park in Bashyam Road, T. Nagar under PPP mode for Chennai Corporation.
- iii. Proof checking of DPR for Hogenekkal Water Supply and Fluorosis Mitigation Project.
- iv. Preparation of Detailed Project Reports
 - To develop an eco-restoration plan for Panamarathupatti lake in Salem.
 - To develop an eco-restoration plan for Elanthakulam at Palayamkottai, Tirunelveli.
 - To develop water bodies in Ramanathapuram.
 - To construct Grade Separators at Rajiv Gandhi Salai (IT Corridor) in Chennai.
 - To construct daily market comprising of vegetable, flower, fish and mutton shops in Kodaikanal.
 - To develop Kodaikanal Lake.
 - To safely dispose effluents generated from the dyeing units in and around Pallipalayam & Komarapalayam Municipalities.
 - To provide Integrated Storm Water Drain System for the expanded areas of Chennai Corporation.

- To provide Storm Water Drain System to Avadi, Anagaputtur, Pammal, Poonamallee, Tambaram and Tiruverkadu Municipalities.
- To provide Bio remediation, reclamation and closure of old dumped waste site at Pallikaranai.

b) Assignments taken up during the financial year 2012-13

- i) Carrying out Environmental and Social Audit of all TNUDP-III projects
- ii) Preparation of Detailed Project Report
 - To provide Storm Water Drains for Tirunelveli Corporation
 - To provide Storm Water Drains for Tiruchirappalli Corporation
 - To provide Storm Water Drains for the expanded areas of Tiruppur Corporation
 - To construct Multi Level Car Parking Cum Commercial Complex at Three places for Coimbatore Corporation
 - To provide Sky Walk at four different locations for Coimbatore Corporation
 - To redevelop Chetpet lake in Chennai
 - To develop Perumpallam Odai in Erode
 - To construct Gani market complex with all amenities in Erode
 - To develop select Chennai City Roads to International Standards for Chennai Corporation
- iii) Preparation of Feasibility Report and Detailed Project Report
 - To construct three Grade Separators in Chennai for Chennai Corporation {(a)Bharathi Salai - Royapettah Clock Tower Junction, (b) Adithanar Salai - Pantheon Road - Dr. Rukmani Lakshmi pathy Road Junction and (c) Mandaiveli Junction Near Mandaiveli Bus Stand}
 - To construct three Grade Separators in Chennai for Chennai Corporation {(a) College Road - Sterling Road - Valluvar Kottam High Road Junction, (b) Arcot Salai - Saligramam - KK Nagar 80 Feet Road Junction and (c) Gandhi Mandapam Salai - Ponniamman Koil Salai Junction at Kotturpuram}
- iv) Preparation of City Development Plan for
 - Vellore Corporation
 - Expanded areas of Coimbatore Corporation
 - Expanded areas of Erode Corporation
- v) Transaction Advisory Services
 - To provide New Bus Shelters and Modernising of Existing Bus Shelters in Ten Town Panchayats in Tiruvallur District on PPP mode.

- To develop three distinct Solid Waste Management Initiatives in Chennai on PPP mode for Chennai Corporation
- Study on the impacts of Anthropogenic intervention of degraded Adyar Creek
- Carrying out Technical Quality Audit for all water supply and under ground sewerage schemes funded by TNUDF.
- Environmental Assessment and Monitoring of sub-projects assisted under external lines of credit.

III. Overall Performance

A sum of ₹ 41.40 crores has been allotted as grant to Grant Fund II under TNUDP-III, of which a sum of ₹ 39.65 crores has been committed / sanctioned for 156 number of consultancy assignments up to 31.03.2013. A sum of ₹ 24.12 crores has been disbursed to various consultancies up to 31.03.2013 under TNUDP-III. The status of consultancy assignments as on 31.03.2013 is furnished below :

Sl.no.	Particulars	No. of consultancies / projects	Value of Consultancy assignment (₹ in crores)
1	Funds Committed	156	39.65
2	Of the above		
	(i) Procurements completed	136	32.35
	(ii) Procurements in process	20	7.30
3	Of the procurements completed		
	(i) Assignments completed	102	16.31
	(ii) Assignments in progress	34	16.04

Of the above 102 consultancy assignments completed, 18 assignments have been fructified in to projects resulting in contracts for ₹ 1768.18 crores.

9. Disbursement

During the financial year 2012-13, a sum of ₹ 5.00 crores (previous year ₹ 2.00 crores) has been released by GoTN to Grant Fund II and a sum of ₹ 4.42 crores (previous year ₹ 2.14 crores) has been disbursed for various consultancies based on progress.

10. Accounts and Audit

The Annual Accounts for the financial year 2012-13 have been audited by M/s. Joseph & Rajaram, Chartered Accountants, Chennai.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF GRANT FUND-II)**

We have audited the accompanying Financial Statements of GRANT FUND-II of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu has accorded its administrative sanction vide GO. Ms. No.55 Municipal Administration and Water Supply Department, dated 29/04/2005 for implementation of Third Tamil Nadu Urban Development Project (TNUDP III). Grant Fund-II is being operated and managed by the Fund Manager, Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), based on the guidelines prescribed by the Government of Tamil Nadu vide GO.Ms.No.78, Municipal Administration & Water Supply Department, dated 03.06.2005).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 GRANT FUND-II as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For Joseph & Rajaram
Chartered Accountants
Firm Regn. No. 001375S
Sd/-
R. Lakshminarayanan
Partner
Membership No. 16246

Place: Chennai
Date : 20.06.2013

Grant Fund - II
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	13,14,16,520	11,68,92,448
Total		13,14,16,520	11,68,92,448
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	13,00,52,782	11,51,37,701
Loans and advances	3	16,96,424	20,85,185
		13,17,49,206	11,72,22,886
Less: Current Liabilities	4	3,32,686	3,30,438
Net Current Assets		13,14,16,520	11,68,92,448
Total		13,14,16,520	11,68,92,448
Notes on Accounts - Schedule 5			

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	92,495	99,901
On Deposit Accounts	91,75,619	78,37,491
Total	92,68,114	79,37,392
Expenditure		
Management Fee	4,96,884	2,36,549
Audit Fee – Statutory Audit	24,720	22,472
Total	5,21,604	2,59,021
Excess of Income over Expenditure transferred to Grant Fund	87,46,510	76,78,371
Notes on Accounts – Schedule 5		

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	5,00,00,000	2,00,00,000
Interest Receipts	96,56,875	66,68,557
Total	5,96,56,875	2,66,68,557
Payments		
Disbursements to Consultants	4,42,22,438	2,14,45,874
Management Fee	4,96,884	2,36,549
Audit Fees	22,472	22,060
Total	4,47,41,794	2,17,04,483
Surplus / (Deficit) for the year	1,49,15,081	49,64,074
Add: Opening Cash and Bank Balance	11,51,37,701	11,01,73,627
Closing Cash & Bank Balances	13,00,52,782	11,51,37,701

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants
Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	11,68,92,448	11,06,59,951
Add: Grant received during the year	5,00,00,000	2,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	87,46,510	76,78,371
	17,56,38,958	13,83,38,322
Less: Disbursements during the year	4,42,22,438	2,14,45,874
Total	13,14,16,520	11,68,92,448
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Bank Account	4,52,782	4,37,701
In Term Deposit Account	8,96,00,000	8,97,00,000
In Public Deposit Account	4,00,00,000	2,50,00,000
Total	13,00,52,782	11,51,37,701
Schedule - 3		
Loans and advances		
Accrued interest on Term Deposits	16,92,431	20,81,192
TDS on interest on Deposits	3,993	3,993
Total	16,96,424	20,85,185
Schedule - 4		
Current Liabilities		
Audit Fee payable	24,720	22,472
Other Liabilities	3,07,966	3,07,966
Total	3,32,686	3,30,438

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The Grant Fund-II (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.78, Municipal Administration & Water Supply Department, dated 03.06.2005. TNUIFSL is eligible for a fee of 1% of the disbursement made out of the Grant Fund-II..

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-5

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation

The Grant Fund -II is a technical assistance fund created by GoTN 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. It is a Grant Fund of GoTN.

B. Previous years figures have been regrouped / reclassified wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund – III

Report on the activities and Annual Accounts of Grant Fund III for the Financial Year 2012-2013

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 manger 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 ₹ 188.60 crores has been allotted to Grant Fund – III as grant under TNUDP-III and a sum of ₹ 142.50 crores has been released by Government to Grant Fund-III up to 31.03.2013.

A sum of ₹ 45.20 crores (previous year ₹ 21.90 crores) has been released by Government of Tamil Nadu to GF-III during the financial year 2012-2013. A sum of ₹ 29.00 crores (previous year ₹ 21.60 crores) has been disbursed to CMDA during the financial year 2012-2013. In total, a sum of ₹ 126 crores has been disbursed to CMDA up to 31.03.2013.

9. Accounts and Audit

The Annual Accounts for the financial year 2012-13 have been audited by M/s. Joseph & Rajaram, Chartered Accountants, Chennai.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF GRANT FUND-III)**

We have audited the accompanying Financial Statements of GRANT FUND-III of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu has accorded its administrative sanction vide GO.Ms.No.55 Municipal Administration and Water Supply Department, dated 29/04/2005 for implementation of Third Tamil Nadu Urban Development Project (TNUDP III). Grant Fund-III is being operated and managed by the Fund Manager, Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), based on the guidelines prescribed by the Government of Tamil Nadu vide GO.Ms.No.67, Housing and Urban Development Department, dated 27.02.2006).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 GRANT FUND-III as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **Joseph & Rajaram**
Chartered Accountants
Firm Registration No. 001375 S
Sd/-

R. Lakshminarayanan
Partner

Membership No. 16246

Place : Chennai
Date : 20.06.2013

Grant Fund - III
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	21,27,35,271	4,03,09,805
Total		21,27,35,271	4,03,09,805
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	20,90,60,502	3,95,96,250
Loans and Advances	3	36,91,623	7,30,409
		21,27,52,125	4,03,26,659
Less: Current Liabilities	4	16,854	16,854
Net Current Assets		21,27,35,271	4,03,09,805
Total		21,27,35,271	4,03,09,805
Notes on Accounts - Schedule 5			

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	3,69,583	2,10,179
On Deposit Accounts	1,09,00,830	45,73,935
Total	1,12,70,413	47,84,114
Expenditure		
Management Fee	8,14,610	5,95,620
Audit Fee – Statutory Audit	16,854	16,854
Other Expenses	13,483	13,236
Total	8,44,947	6,25,710
Excess of Income over Expenditure transferred to Grant Fund	1,04,25,466	41,58,404
Notes on Accounts – Schedule 5		

Schedules referred above form an integral part of accounts

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	45,20,00,000	21,90,00,000
Interest Receipts	83,09,199	45,92,420
Term Deposit with Companies	0	1,27,37,550
Total	46,03,09,199	23,63,29,970
Payments		
Disbursement to CMDA	29,00,00,000	21,60,00,000
Management Fee	8,14,610	5,95,620
Statutory Audit Fees & Other Fees	30,337	29,781
Total	29,08,44,947	21,66,25,401
Surplus / (Deficit) for the year	16,94,64,252	1,97,04,569
Add: Opening Cash and Bank Balance	3,95,96,250	1,98,91,681
Closing Cash & Bank Balances	20,90,60,502	3,95,96,250

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	4,03,09,805	3,31,51,401
Add: Grant received during the year	45,20,00,000	21,90,00,000
Excess of Income over Expenditure	1,04,25,466	41,58,404
	50,27,35,271	25,63,09,805
Less: Disbursement to CMDA during the year	29,00,00,000	21,60,00,000
Total	21,27,35,271	4,03,09,805
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Bank Account	60,502	5,84,089
in Term Deposit Account	20,90,00,000	3,90,12,161
Total	20,90,60,502	3,95,96,250
Schedule -3		
Loans and Advances		
Accrued interest on Term Deposits	36,91,623	7,30,409
Total	36,91,623	7,30,409
Schedule – 4		
Current Liabilities		
Audit Fee payable	16,854	16,854
Total	16,854	16,854

Grant Fund - III
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The Grant Fund-III (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.67, Housing and Urban Development Department, dated 27.02.2006. TNUIFSL is eligible for a fee of 0.25% of the disbursement made out of the Grant Fund-III.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

Grant Fund - III
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule - 5

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation

The Grant Fund -III is a capital assistance grant fund created by GoTN to assist various transportation projects including Consultancy's executed in Chennai Metropolitan Area under the supervision CMDA. It is a Grant Fund of GoTN.

B. Previous years figures have been regrouped / reclassified wherever necessary.

Signature to Schedules 1 to 5

Vide our report of even date attached

For Joseph & Rajaram

Chartered Accountants

Firm Regn. No. 001375S

Sd/-

R. Lakshminarayanan

Partner

Membership No. 16246

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Project Preparatory Grant Fund

Report on the activities and Annual Accounts of Project Preparatory Grant Fund for the Financial Year 2012-2013

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 2012-13, a sum of ₹ 6.35 crores (previous year ₹ 6.00 crores) was released by GoTN as grant to Project Preparatory Grant Fund. No disbursement has been made during the financial year 2012-13.

9. Accounts and Audit

The Annual Accounts for the financial year 2012-13 have been audited by M/s.Ponraj & Co., Chartered Accountants, Chennai.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF PROJECT PREPARATORY GRANT FUND)**

We have audited the accompanying Financial Statements of Project Preparatory Grant Fund (PPGF) of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu vide GO.Ms.No.170 Municipal Administration and Water Supply (MA-2) Department, dated 05.12.2007 has set up PPGF to provide necessary technical support to the Urban Local Bodies and other entities for sustained infrastructure development. PPGF is being operated and managed by the Fund Manager, Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), based on the guidelines prescribed by the Government of Tamil Nadu vide GO.Ms.No.170, Municipal Administration & Water Supply (MA-2) Department, dated 05.12.2007).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 PROJECT PREPARATORY GRANT FUND as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **Ponraj & Co.**,
Chartered Accountants
Firm Regn. No.002672S
Sd/-
A. Selva Ganesh,
Partner
Membership No. 028211

Place : Chennai
Date : 20.06.2013

Project Preparatory Grant Fund
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	33,53,26,442	24,54,74,682
Total		33,53,26,442	24,54,74,682
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	25,66,99,252	17,43,22,297
Loans and Advances	3	7,86,40,674	7,11,65,868
		33,53,39,926	24,54,88,165
Less: Current Liabilities	4	13,484	13,483
Net Current Assets		33,53,26,442	24,54,74,682
Total		33,53,26,442	24,54,74,682
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/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	26,048	66,974
On Deposit Accounts	2,63,86,046	1,89,85,826
Total	2,64,12,094	1,90,52,800
Expenditure		
Management Fee	0	99,007
Audit Fee – Statutory Audit	13,484	13,483
Total	13,484	1,12,490
Excess of Income over Expenditure transferred to Grant Fund	2,63,98,610	1,89,40,310
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/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	6,34,53,150	6,00,23,250
Interest Receipts	2,58,47,488	1,71,32,695
Total	8,93,00,638	7,71,55,945
Payments		
Disbursement to Consultants	0	50,74,207
Management Fee	0	99,007
Statutory Audit Fees	13,483	13,236
Other Payments	0	1,44,406
Term Deposit with Companies	69,10,200	2,86,36,771
Total	69,23,683	3,39,67,627
Surplus / (Deficit) for the year	8,23,76,955	4,31,88,318
Add: Opening Cash and Bank Balance	17,43,22,297	13,11,33,979
Closing Cash & Bank Balances	25,66,99,252	17,43,22,297

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/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	24,54,74,682	17,15,85,329
Add: Grant assistance received during the year	6,34,53,150	6,00,23,250
Excess of Income over Expenditure carried from Income & Expenditure Account	2,63,98,610	1,89,40,310
	33,53,26,442	25,05,48,889
Less: Disbursement to consultants	0	50,74,207
Total	33,53,26,442	24,54,74,682
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Bank Account	99,570	5,22,297
in Term Deposit Account	25,65,99,682	17,38,00,000
Total	25,66,99,252	17,43,22,297
Schedule – 3		
Loans and Advances		
Accrued interest on Term Deposits	57,30,474	51,65,868
Term Deposits with Companies	7,29,10,200	6,60,00,000
	7,86,40,674	7,11,65,868
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,484	13,483
Other Liabilities	0	0
Total	13,484	13,483

Project Preparatory Grant Fund
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The Project Preparatory Grant Fund (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.170, Municipal Administration & Water Supply Department, dated 05.12.2007. TNUIFSL is eligible for a fee of 5% of the disbursement made out of the Project Preparatory Grant Fund.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Project Preparatory Grant Fund Account.

E. Grant Fund

The balance in Project Preparatory Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

Project Preparatory Grant Fund
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-5

(II) NOTES FORMING PART OF THE ACCOUNTS

A. 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.

B. Previous years figures have been regrouped / reclassified 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/-

K. Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

Report on the activities and Annual Accounts of Tamil Nadu Urban Road Infrastructure Fund for the Financial Year 2012 - 2013.

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, pedestrain 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 2012-2013, a sum of ₹ 274.70 crores (previous year ₹ 152.31 crores) has been released by Government to TURIF. A sum of ₹ 0.04 crores has been disbursed to consultants (previous year ₹ 1.97 crores).

9. Accounts and Audit

The Annual Accounts for the financial year 2012-2013 have been audited by M/s. N.Raja & Associates, Chartered Accountants, Chennai – 600 017.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND)**

We have audited the accompanying Financial Statements of TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information (The Government of Tamil Nadu has accorded its administrative sanction vide G.O. Ms. No.235, Municipal Administration and Water Supply (MA-II) Department dated 27.11.2008 to set up Tamil Nadu Urban Road Infrastructure Fund (TURIF) to implement Tamil Nadu Urban Road Infrastructure Project (TNUIP). TURIF is Grant Fund of Government of Tamil Nadu and is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O. Ms. No.290, Municipal Administration and Water Supply (MA-III) Department, dated 22.11.2010 and as amended from time to time).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b) In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c) The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **N. Raja & Associates**
Chartered Accountants
Firm Regn. No.003388S
Sd/-
N. Raja
Partner
Membership No. 022890

Place : Chennai
Date : 20.06.2013

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	212,63,43,027	176,66,99,147
Total		212,63,43,027	176,66,99,147
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	183,32,85,910	153,08,79,619
Loan and advances	3	29,33,49,950	23,58,36,382
		212,66,35,860	176,67,16,001
Less: Current Liabilities	4	2,92,833	16,854
Net Current Assets		212,63,43,027	176,66,99,147
Total		212,63,43,027	176,66,99,147
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/-

K.Phanindra Reddy, IAS

Director

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

Tamil Nadu Urban Road Infrastructure Fund)

Place: Chennai

Date : 20.06.2013

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	59,77,672	11,01,905
On Deposit Accounts	6,35,96,828	3,09,78,016
Total	6,95,74,500	3,20,79,921
Expenditure		
Management Fee	2,75,979	13,22,274
Audit Fee – Statutory Audit	16,854	16,854
Total	2,92,833	13,39,128
Excess of Income over Expenditure transferred to Grant Fund	6,92,81,667	3,07,40,793
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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	274,69,85,932	152,30,61,844
Interest Receipts	3,54,68,680	2,73,84,489
Total	278,24,54,612	155,04,46,333
Payments		
Disbursements to ULBs	245,62,00,000	0
Disbursements to Consultants	4,23,719	1,97,31,973
Management Fee	0	13,22,274
Statutory Audit Fees	16,854	13,236
Term Deposit with Companies	2,34,07,748	47,63,533
Total	248,00,48,321	2,58,31,016
Surplus / (Deficit) for the year	30,24,06,291	152,46,15,317
Add: Opening Cash and Bank Balance	153,08,79,619	62,64,302
Closing Cash & Bank Balances	183,32,85,910	153,08,79,619

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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	176,66,99,147	23,26,28,483
Add: Grant assistance received during the year	274,69,85,932	152,30,61,844
Excess of Income over Expenditure transferred from Income and Expenditure Account	6,92,81,667	3,07,40,793
	458,29,66,746	178,64,31,120
Less: Disbursements to ULBs	245,62,00,000	0
Disbursements to consultants	4,23,719	1,97,31,973
Total	212,63,43,027	176,66,99,147
Schedule - 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Account	1,07,928	116,61,38,619
In Term Deposit Account	183,31,77,982	36,47,41,000
Total	183,32,85,910	153,08,79,619
Schedule - 3		
Loans and advances		
Accrued interest on Term Deposits	5,65,50,669	224,44,849
Term Deposit with Companies	23,67,99,281	21,33,91,533
Total	29,33,49,950	23,58,36,382
Schedule - 4		
Current Liabilities		
Audit Fee payable	16,854	16,854
Management Fee payable	2,48,381	0
Other Liabilities	27,598	0
Total	2,92,833	16,854

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

Schedule-5

(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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The Tamil Nadu Urban Road Infrastructure Fund (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O. Ms. No.290, Municipal Administration and Water Supply (MA-III) Department, dated 22.11.2010 and as amended from time to time. The fee structure is prescribed by the Government from time to time. The Government vide G.O.Ms.No.45, Municipal Administration & Water Supply (M.A.3) Department dated 09.04.2013 approved the fee of 0.01% to TNUIFSL for the disbursement made from the Financial Year 2011-12 onwards.

D. Transfer of surplus The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in Tamil Nadu Urban Road Infrastructure Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation The Tamil Nadu Urban Road Infrastructure Fund will finance for improvement/renovation/relaying of roads in the Urban Local Bodies including related infrastructure such as roads, pedestrain footpaths, storm water drains, signages, provision for ducting, street furniture, productive structures and cross drainage structures.

B. Previous year figures have been regrouped / reclassified 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/-

K.Phanindra Reddy, IAS

Director

Place: Chennai

Date : 20.06.2013

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

JBIC Grant Fund - I

Report on the activities and Annual Accounts of JBIC Grant Fund – I for the FY 2012 - 2013

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 about ₹ 130.97 crores. However, due to exchange rate variation the amount available is increased to ₹ 191.40 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 ₹ 130.97 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

A sum of ₹ 130.97 crores has been allotted to JBIC Grant Fund – I as grant under JBIC line of credit, of which a sum of ₹ 85.40 crores has been released by Government to JBIC Grant Fund-I up to 31.03.2013.

The funds have been committed for seven water supply projects amounting to ₹ 173.34 crores (including exchange rate variation) under JBIC Grand Fund - I. A sum of ₹ 9.99 crores (previous year ₹ 28.80 crores) has been disbursed to the ULBs during the financial year 2012-13 based on the progress of the project. In total, a sum of ₹ 63.44 crores has been disbursed to ULBs as capital grant up to 31.3.2013, as detailed below :

(₹ in crores)

S.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	3.29
4	Coonoor	Water Supply	4.16	2.30
5	Idappadi	Water Supply	6.67	3.00
6	Devakottai	Water Supply	2.49	1.40
7	Thoothukudi	Water Supply	70.61	0.00
	TOTAL		173.34	63.44

9. Accounts and Audit

The Annual Accounts for the financial year 2012-2013 have been audited by M/s. N.Raja & Associates, Chartered Accountants, Chennai – 600 017.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF JBIC GRANT FUND-I)**

We have audited the accompanying Financial Statements of JBIC GRANT FUND-I of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu has accorded its administrative sanction vide G.O.(2D).No.112, Municipal Administration and Water Supply (MA-2) Department, dated 06.08.2008 for implementation of Tamil Nadu Urban Infrastructure Project (TNUIP). The JBIC Grant Fund – I, Grant Fund of Government of Tamil Nadu, is part of TNUIP and is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O. (Ms.)No.210, Municipal Administration & Water Supply (MA-II) Department, 23.10.2008).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b) In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books;
- c) The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account;

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 JBIC GRANT FUND-I as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **N. Raja & Associates**
Chartered Accountants
Firm Regn. No.003388S

Sd/-
N. Raja
Partner

Place : Chennai
Date : 20.06-2013

Membership No. 022890

JBIC Grant Fund - I
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	21,54,87,087	31,46,07,821
Total		21,54,87,087	31,46,07,821
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	21,48,47,829	31,44,59,326
Loans and Advances	3	6,56,112	1,61,978
		21,55,03,941	31,46,21,304
Less: Current Liabilities	4	16,854	13,483
Net Current Assets		21,54,87,087	31,46,07,821
Total		21,54,87,087	31,46,07,821
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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Application of Fund		
Income		
Interest earned		
On Savings Bank Account	1,24,627	3,08,533
On Deposit Accounts	17,93,970	2,02,526
Total	19,18,597	5,11,059
Expenditure		
Management Fee	11,22,477	31,76,640
Audit Fee – Statutory Audit	16,854	13,483
Total	11,39,331	31,90,123
Excess of Income over Expenditure transferred to Grant Fund	7,79,266	(26,79,064)
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/-

K.Phanindra Reddy, IAS

Director

Place: Chennai

Date : 20.06.2013

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

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	0	50,00,00,000
Interest Receipts	14,24,463	3,67,684
Total	14,24,463	50,03,67,684
Payments		
Disbursement to Urban Local Bodies	9,99,00,000	28,80,00,000
Management Fee	11,22,477	31,76,640
Statutory Audit Fees	13,483	13,236
Total	10,10,35,960	29,11,89,876
Surplus / (Deficit) for the year	(9,96,11,497)	20,91,77,808
Add: Opening Cash and Bank Balance	31,44,59,326	10,52,81,518
Closing Cash & Bank Balances	21,48,47,829	31,44,59,326

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/-

K.Phanindra Reddy, IAS

Director

Place: Chennai

Date : 20.06.2013

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

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	31,46,07,821	10,52,86,885
Add: Grant assistance received during the year	0	50,00,00,000
Excess of Income over Expenditure transferred from Income & Expenditure Account	7,79,266	0
	31,53,87,087	60,52,86,885
Less: Disbursement to ULBs during the period	9,99,00,000	28,80,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	0	26,79,064
Total	21,54,87,087	31,46,07,821
Schedule - 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Account	5,23,254	1,59,326
in Term Deposit Account	1,43,24,575	1,43,00,000
in Public Deposit Account	20,00,00,000	30,00,00,000
Total	21,48,47,829	31,44,59,326
Schedule -3		
Loans and Advances		
Accrued interest on Term Deposits	6,56,112	1,61,978
Total	6,56,112	1,61,978
Schedule – 4		
Current Liabilities		
Audit Fee payable	16,854	13,483
Total	16,854	13,483

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

Schedule-5

(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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The JBIC Grant Fund I (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O.Ms.No.210, Municipal Administration & Water Supply Department, dated 23.10.2008. TNUIFSL is eligible for a fee of 1% of the disbursement made out of the JBIC Grant Fund I.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in JBIC Grant Fund I represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

Schedule - 5

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation

The JBIC Grant Fund I will be used to assist Urban Local Bodies (ULBs) towards

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

B. Previous year figures have been regrouped / reclassified 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/-

K.Phanindra Reddy, IAS

Director

Place: Chennai

Date : 20.06.2013

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

JBIC Grant Fund - II

Report on the activities and Annual Accounts of JBIC Grant Fund – II for the FY 2012- 2013

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 ₹ 16.81 crores has been allotted to JBIC Grant Fund – II as grant under JBIC line of credit of which a sum of ₹ 3.00 crores has been released by Government to JBIC Grant Fund-II up to 31.03.2013.

A sum of ₹ 0.38 crores (previous year ₹ 0.61 crores) has been disbursed during the financial year 2012-2013 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 2012-2013 have been audited by M/s.N.Raja & Associates, Chartered Accountants, Chennai – 600 017.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF JBIC GRANT FUND-II)**

We have audited the accompanying Financial Statements of JBIC GRANT FUND-II of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu has accorded its administrative sanction vide G.O.(2D).No.112, Municipal Administration and Water Supply (MA-II) Department, dated 06.08.2008 for implementation of Tamil Nadu Urban Infrastructure Project (TNUIP). The JBIC Grant Fund – II, Grant Fund of Government of Tamil Nadu, is a part of TNUIP and is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O. Ms.No.126, Municipal Administration & Water Supply (MA II) Department, dated 09.07.2010).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 JBIC GRANT FUND- II as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For N. Raja & Associates
Chartered Accountants
Firm Regn. No.003388S

Sd/-

N. Raja
Partner

Membership No. 022890

Place : Chennai
Date : 20.06.2013

JBIC Grant Fund - II
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	76,85,383	1,13,21,769
Total		76,85,383	1,13,21,769
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	76,76,408	1,13,34,568
Loan and advances	3	22,458	684
		76,98,866	1,13,35,252
Less: Current Liabilities	4	13,483	13,483
Net Current Assets		76,85,383	1,13,21,769
Total		76,85,383	1,13,21,769
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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	26,356	35,202
On Deposit Accounts	2,15,931	3,17,811
Total	2,42,287	3,53,013
Expenditure		
Management Fee	42,947	67,388
Audit Fee – Statutory Audit	13,483	13,483
Total	56,430	80,871
Excess of Income over Expenditure transferred to Grant Fund	1,85,857	2,72,142
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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2013

Particulars	For the year Ended 31/03/2013	For the year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	0	0
Interest Receipts	2,20,513	3,55,976
Total	2,20,513	3,55,976
Payments		
Disbursement to Consultant	38,22,243	61,09,497
Management Fee	42,947	67,388
Statutory Audit Fees	13,483	13,236
Total	38,78,673	61,90,121
Surplus / (Deficit) for the year	(36,58,160)	(58,34,145)
Add: Opening Cash and Bank Balance	1,13,34,568	1,71,68,713
Closing Cash & Bank Balances	76,76,408	1,13,34,568

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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule - 1		
Grant Fund		
Balance at the beginning of the year	1,13,21,769	1,71,59,124
Add: Grant received during the year	0	0
Excess of Income over Expenditure transferred from Income & Expenditure Account	1,85,857	2,72,142
	1,15,07,626	1,74,31,266
Less: Disbursements to consultants during the year	38,22,243	61,09,497
Total	76,85,383	1,13,21,769
Schedule - 2		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Account	4,72,811	3,34,568
In Term Deposit Account	22,03,597	10,00,000
In Public Deposit Account	50,00,000	1,00,00,000
Total	76,76,408	1,13,34,568
Schedule -3		
Loans and Advances		
Accrued interest on Term Deposits	22,458	684
Total	22,458	684
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,483
Total	13,483	13,483

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

Schedule - 5

(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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The JBIC Grant Fund II (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O.Ms.No.210, Municipal Administration & Water Supply Department, dated 23.10.2008. TNUIFSL is eligible for a fee of 1% of the disbursement made out of the JBIC Grant Fund II.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in JBIC Grant Fund II represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of consultancy grant to ULBs & other eligible disbursements, if any.

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

Schedule-5

(II) NOTES FORMING PART OF THE ACCOUNTS

- A. **Nature of Operation** : The JBIC Grant Fund – II is a technical assistance grant and will be used to support the participating Urban Local Bodies (ULBs) and other entities towards the consultancy services. The objectives of the Fund are to finance the costs of technical assistance for strengthening of the planning and implementation capacities of urban local bodies in Tamil Nadu and Tamil Nadu Urban Infrastructure Financial Services Limited (Project Executing Agency)
- B. Previous year figures have been regrouped / reclassified wherever necessary.

Signature to Schedule 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/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund - I

Report on the activities and Annual Accounts of KfW Grant Fund – I for the FY 2012 - 2013

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 mote 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 2012-13

A sum of ₹ 150.80 crs has been allotted to KfW GF I. The funds have been committed for 14 sub-projects under KfW assisted SMIF-TN, of which capital grant has been sanctioned to 13 sub-projects amounting to ₹ 150.80 crores under KfW GF I, and a sum of ₹ 97.53 crores has been disbursed to ULBs up to 31.03.2013.

A sum of ₹ 40 crores only (previous year ₹ 35 crores) has been released by Government to KfW GF I during the financial year 2012-13.

A sum of ₹ 20.35 crores only (previous year ₹ 23.67 crores) has been disbursed to the ULBs during the financial year 2012-13 based on the progress of the project.

The details of funds committed and amount disbursed up to 31.03.2013 are furnished below :

₹ in Crores :

S.No	Name of the ULB	Sector	Sanctioned	Disbursed
1	Erode Corporation	UGSS	62.77	36.01
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	4.83
9	Inam Karur	Water Supply	5.57	1.90
10	Pallipalayam	Water Supply	3.50	1.50
11	Ooty	Water Supply	8.16	4.00
12	Karur	Water Supply	7.40	2.65
13	Thanthoni	Water Supply	7.55	4.30
	Total		150.80	97.53

9. Accounts and Audit

The Annual Accounts for the financial year 2012-2013 have been audited by M/s.Ponraj & Co, Chartered Accountants, Chennai – 600 106.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF KfW GRANT FUND-I)**

We have audited the accompanying Financial Statements of KfW GRANT FUND-I of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu 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 KfW Grant Fund-I (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.40, Municipal Administration & Water Supply Department, dated 19.03.2009).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books;

- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 KfW GRANT FUND-I as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the deficit of the Fund for the year ended that date.

For **Ponraj & co.**
Chartered Accountants
Firm Regn No: 002672S

Sd/-
A. Selvaganesh
Partner

Place : Chennai
Date : 20.06.2013

Membership No: 028211

KfW Grant Fund – I
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Schedules	As at 31/03/2013	As at 31/03/2012
		₹	
Sources of Fund			
Grant Fund	1	31,11,47,529	11,56,49,404
Total		31,11,47,529	11,56,49,404
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	31,11,61,162	11,54,14,879
Loans and advances	3	3,221	2,48,008
		31,11,64,383	11,56,62,887
Less: Current Liabilities	4	16,854	13,483
Net Current Assets		31,11,47,529	11,56,49,404
Total		31,11,47,529	11,56,49,404
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. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the Year Ended 31/03/2013	For the Year Ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	1,21,665	2,08,131
On Deposit Accounts	11,79,840	30,06,044
Total	13,01,505	32,14,175
Expenditure		
Management Fee	22,86,526	26,10,801
Audit Fee – Statutory Audit	16,854	13,483
Total	23,03,380	26,24,284
Excess of Income over Expenditure transferred to Grant Fund	(10,01,875)	5,89,891
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. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Receipts & Payments Account for the year ended 31.03.2013

Particulars	For the Year Ended 31/03/2013	For the Year Ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	40,00,00,000	35,00,00,000
Interest Receipts	15,46,292	30,06,543
Total	40,15,46,292	35,30,06,543
Payments		
Disbursement to Urban Local Bodies	20,35,00,000	23,67,00,000
Management Fee	22,86,526	26,10,801
Audit Fees	13,483	13,236
Total	20,58,00,009	23,93,24,037
Surplus / (Deficit) for the year	19,57,46,283	11,36,82,506
Add: Opening Cash and Bank Balance	11,54,14,879	17,32,373
Closing Cash & Bank Balances	31,11,61,162	11,54,14,879

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

A. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule – 1		
Grant Fund		
Balance at the beginning of the year	11,56,49,404	17,59,513
Add :Grant assistance received during the year	40,00,00,000	35,00,00,000
Excess of Income over Expenditure transferred from Income & Expenditure Account	0	5,89,891
Total	51,56,49,404	35,23,49,404
Less:Disbursement to ULBs during the year	20,35,00,000	23,67,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	10,01,875	0
Total	31,11,47,529	11,56,49,404
Schedule – 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
In Savings Account	1,61,162	4,14,879
In Term Deposit Account	10,00,000	1,50,00,000
In Public Deposit Account	31,00,00,000	10,00,00,000
Total	31,11,61,162	11,54,14,879
Schedule – 3		
Loans and advances		
Accrued interest on Term Deposits	3,221	2,48,008
Total	3,221	2,48,008
Schedule – 4		
Current Liabilities		
Audit Fee payable	16,854	13,483
Total	16,854	13,483

KfW Grant Fund – I
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule - 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

c. Management fee

The KfW Grant Fund-I (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.40, Municipal Administration & Water Supply Department, dated 19.03.2009. TNUIFSL is eligible for a fee of 1% of the disbursement made out of the KfW Grant Fund-I.

d. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

e. Grant Fund

The balance in Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

KfW Grant Fund – I
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule - 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

(II) NOTES FORMING PART OF THE ACCOUNTS

a. Nature of Operation

The KfW Grant Fund - I 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.

b. Previous years figures have been regrouped / reclassified wherever necessary.

Signature to Schedule 1 to 5

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

A. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

Place: Chennai

Date : 20.06.2013

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

KfW Grant Fund - II

Report on the activities and Annual Accounts of KfW Grant Fund – II for the FY 2012 - 2013

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 2012-13

A sum of ₹ 1.03 crores (previous year ₹ 0.15 crores) has been disbursed to the consultants during the financial year 2012-2013. In total, a sum of ₹1.26 crores has been disbursed up to 31.03.2013.

9. Accounts and Audit

The Annual Accounts for the financial year 2012-2013 have been audited by M/s.Ponraj & Co, Chartered Accountants, Chennai – 600 106.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF KfW GRANT FUND-II)**

We have audited the accompanying Financial Statements of KfW GRANT FUND-II of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu 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 KfW Grant Fund-II (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.61, Municipal Administration & Water Supply Department, dated 06.04.2009).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books;

- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 KfW GRANT FUND-II as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **Ponraj & Co.**
Chartered Accountants
Firm Regn No: 002672S
Sd/-
A.Selvaganesh
Partner
Membership No: 028211

Place : Chennai
Date : 20.06.2013

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2013

Particulars	Schedules	As at 31/03/2013	As at 31/03/2012
		₹	
SOURCES OF FUND			
Grant Fund	1	1,29,76,801	2,15,44,346
Total		1,29,76,801	2,15,44,346
Application of Fund			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	1,24,49,687	1,14,68,509
Loans and Advances	3	5,40,597	1,00,89,320
		1,29,90,284	2,15,57,829
Less: Current Liabilities	4	13,483	13,483
Net Current Assets		1,29,76,801	2,15,44,346
Total		1,29,76,801	2,15,44,346
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. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Income and Expenditure Account for the year ended 31.03.2013

Particulars	For the year ended 31/03/2013	For the year ended 31/03/2012
	₹	
Income		
Interest earned		
On Savings Bank Account	36,792	44,503
On Deposit Accounts	17,75,239	19,85,546
Total	18,12,031	20,30,049
Expenditure		
Management Fee	75,902	16,251
Audit Fee – Statutory Audit	13,483	13,483
Total	89,385	29,734
Excess of Income over Expenditure transferred to Grant Fund	17,22,646	20,00,315
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. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Receipts & Payments Account for the year ended 31.03.2013

	For the year ended 31/03/2013	For the year ended 31/03/2012
	₹	
Receipts		
Grant Assistance from Government	0	0
Interest Receipts	27,39,954	15,29,291
Term Deposit with Companies	86,20,800	45,51,680
Total	1,13,60,754	60,80,971
Payments		
Disbursement to Consultants	1,02,90,191	19,45,618
Management Fee	75,902	16,251
Audit Fees	13,483	13,236
Term Deposit with Companies	0	0
Total	1,03,79,576	19,75,105
Surplus / (Deficit) for the year	9,81,178	41,05,866
Add: Opening Cash and Bank Balance	1,14,68,509	73,62,643
Closing Cash & Bank Balances	1,24,49,687	1,14,68,509

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

A. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

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

Place: Chennai

Date : 20.06.2013

KfW Grant Fund – II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

	As at 31/03/2013	As at 31/03/2012
	₹	
Schedule – 1		
Grant Fund		
Balance at the beginning of the year	2,15,44,346	2,14,89,649
Add: Grant assistance received during the year	0	0
Excess of Income over Expenditure	17,22,646	20,00,315
	2,32,66,992	2,34,89,964
Less: Disbursement to consultants	1,02,90,191	19,45,618
Total	1,29,76,801	2,15,44,346
Schedule – 2		
Cash and Bank Balances		
Cash on hand	0	0
Cash at Bank		
in Savings Account	99,687	5,68,509
in Term Deposit Account	1,23,50,000	1,09,00,000
Total	1,24,49,687	1,14,68,509
Schedule – 3		
Loans and advances		
Accrued interest on Term Deposits	5,40,597	14,68,520
Term Deposits with Companies	0	86,20,800
Total	5,40,597	1,00,89,320
Schedule – 4		
Current Liabilities		
Audit Fee payable	13,483	13,483
Total	13,483	13,483

KfW Grant Fund – II

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule - 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The KfW Grant Fund-II (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide GO.Ms.No.61, Municipal Administration & Water Supply Department, dated 06.04.2009. TNUIFSL is eligible for a fee of 1% of the disbursement made out of the KfW Grant Fund-II.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule - 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation

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 the consultancy services. The objectives of the Fund are to finance the costs of technical assistance for strengthening of the planning and implementation capacities of urban local bodies in Tamil Nadu and Tamil Nadu Urban Infrastructure Financial Services Limited (Project Executing Agency).

B. Previous years figures have been regrouped / reclassified 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. Selvaganesh

Partner

Membership No. 028211

Sd/-

Anita Praveen, IAS

Chairperson &
Managing Director

Sd/-

K.Phanindra Reddy, IAS

Director

Place: Chennai

Date : 20.06.2013

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

CHENNAI MEGA CITY DEVELOPMENT FUND

Report on the activities of Chennai Mega City Development Fund for the Financial Year 2012-13

1. Introduction

The Government vide G.O (Ms) No.10 Municipal Administration and Water Supply (MC.1) Department dated 27.01.2012 has launched Chennai Mega City Development Mission (CMCDM). The Government has designated Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as the Nodal Agency for CMCDM. Further, the Government vide G.O (3D) No.5 Municipal Administration and Water Supply (MC.1) Department dated 30.03.2012 have issued orders for creation of a fund in the name of Chennai Mega City Development Fund (CMCDF) along with the guidelines for operation of the fund.

2. Objectives

The fund will be used to assist Corporation of Chennai (CoC) and Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) for implementing various urban infrastructure and basic services project like roads, storm water drainage, lighting, water supply and sanitation in Chennai and its Suburban areas.

3. Fund management

The CMCDF 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 CMCDF.

4. Fund size, sources and allocation

The Corpus for the fund will be provided through budgetary provision every year by Government of Tamil Nadu. The interest from investment and any other income earned or accruing to the Fund should form part of its Corpus and shall be applied for the objective for which the fund is created. The allocation under the scheme is fully regulated by Government of Tamil Nadu and Government has absolute domain over the funds of the schemes.

5. Eligibility Criteria

The Government vide G.O (Ms) No.10 Municipal Administration and Water Supply (MC.1) Department dated 27.01.2012 through CMCDM envisages improvement of infrastructure / basic amenities in Chennai and its Suburban areas. The funds under CMCDM has been restricted to projects of Corporation of Chennai and Chennai Metropolitan Water Supply and Sewerage Board only for laying of roads with integrated drainage and lighting system and provision of integrated water supply and sewerage system particularly in the expanded areas of Chennai.

The Corporation of Chennai and Chennai Metropolitan Water Supply and Sewerage Board shall consider schemes which will have substantial impact on the infrastructure of the city.

The projects envisaged should be executed on an integrated approach. Any proposal for funding regular operation and maintenance shall not be posed for funding CMCDM. However, the eligible projects to be funded under CMCDM shall be as decided by the Project Sanctioning Committee from time to time.

6. Procedure for application and approval of grant

The eligible applicants are only Corporation of Chennai and Chennai Metropolitan Water Supply and Sewerage Board under Chennai Mega City Development Mission. The Government vide G.O (Ms) No.10 Municipal Administration and Water Supply (MC.1) Department dated 27.01.2012 has constituted a Project Sanctioning Committee with the following composition :

- a. Additional Chief Secretary to Government, MA&WS Department,
- b. Managing Director, Chennai Metropolitan Water Supply and Sewerage Board,
- c. Secretary to Government (Expenditure), Finance Department,
- d. Chairperson and Managing Director, Tamil Nadu Urban Infrastructure Financial Services Limited,
- e. Principal Secretary and Commissioner, Corporation of Chennai (Convenor of the Committee)

The Nodal Agency will appraise the projects forwarded by Chennai Corporation and CMWSSB and put up the proposal to the Project Sanctioning Committee for Administrative Sanction.

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 works / goods / services.

8. Disbursements

During the financial year 2012-13, a sum of ₹ 500 crores was released by GoTN as grant to CMCDF. A sum of ₹ 172.68 crores has been disbursed during the financial year 2012-13.

9. Accounts and Audit

The Annual Accounts for the financial year 2012-13 have been audited by M/s. N. Raja & Associates, Chartered Accountants, Chennai.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAMIL NADU URBAN
INFRASTRUCTURE FINANCIAL SERVICES LIMITED
(FUND MANAGER OF CHENNAI MEGA CITY DEVELOPMENT FUND)**

We have audited the accompanying Financial Statements of CHENNAI MEGA CITY DEVELOPMENT FUND of Government of Tamil Nadu as on 31st March 2013, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information. (The Government of Tamil Nadu vide GO.Ms.No.10 Municipal Administration and Water Supply (MC-1) Department, dated 27.01.2012 launched Chennai Mega City Development Mission (CMCDM) to improve Water Supply, Sewerage and Waste Water Management, Solid Waste Management, Roads and Streets in Chennai and its Suburban areas and has created Chennai Mega City Development Fund (CMCDF) vide GO.Ms.No.5, Municipal Administration & Water Supply (MC.I) Department, dated 30.03.2012 for implementing CMCDM. Chennai Mega City Development Fund is being operated and managed by the Fund Manager, Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), based on the guidelines prescribed by the Government of Tamil Nadu vide GO.Ms.No.5, Municipal Administration & Water Supply (MC.I) Department, dated 30.03.2012).

The Management (Fund Manager) is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Management's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

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 purposes of our audit;
- b. In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c. The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 Chennai Mega City Development Fund as at 31st March, 2013 and
- ii) in the case of the Income and Expenditure Account, the deficit of the Fund for the year ended that date.

For N. Raja & Associates,
Chartered Accountants
Firm Regn. No.003388S
Sd/-

N.Raja
Partner

Membership No. 022890

Place : Chennai
Date : 20.06.2013

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Balance Sheet As At 31.03.2013

Particulars	Sche- dules	As at 31.03.2013
		₹
Sources of Fund		
Grant Fund	1	326,15,01,215
Total		326,15,01,215
Application of Fund		
Current Assets, Loans and Advances		
Cash and Bank Balances	2	326,15,14,699
Less: Current Liabilities	3	13,484
Net Current Assets		326,15,01,215
Total		326,15,01,215
Notes on Accounts – Schedule 4		

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/-

K. Phanindra Reddy, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Chennai
Mega City Development Fund)

Place : Chennai

Date : 20/06/2013

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2013

Particulars	Sche- dules	As at 31.03.2013
		₹
Income		
Interest earned		0
Total		0
Expenditure		
Management Fee		1,16,85,301
Audit Fee – Statutory Audit		13,484
Total		1,16,98,785
Excess of Expenditure over Income transferred to Grant Fund		(1,16,98,785)
Notes on Accounts – Schedule 4		

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/-

K. Phanindra Reddy, IAS

Director

(Tamil Nadu Urban Infrastructure Financial Services Limited - Fund Manager of Chennai Mega City Development Fund)

Place : Chennai

Date : 20/06/2013

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Receipts & Payments Account for the year ended 31.03.2013

Particulars	As at 31.03.2013
	₹
Receipts	
Grant assistance from Government	500,00,00,000
Total	500,00,00,000
Payments	
Disbursement to ULBs	172,68,00,000
Management Fee	1,16,85,301
Total	173,84,85,301
Surplus / Deficit for the year	326,15,14,699
Add: Opening Cash and Bank Balances	0
Closing Cash & Bank Balances	326,15,14,699

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/-

K. Phanindra Reddy, IAS

Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Chennai
Mega City Development Fund)

Place : Chennai

Date : 20/06/2013

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Particulars	As at 31.03.2013
	₹
Schedule - 1	
Grant Fund	
Balance at the beginning of the year	0
Add : Grant received during the year	500,00,00,000
Excess of Income over Expenditure	(1,16,98,785)
	498,83,01,215
Less : Disbursement during the year	172,68,00,000
Total	326,15,01,215
Schedule - 2	
Current Assets, Loans and Advances	
Cash and Bank Balances	
Cash on hand	0
Cash at Bank	
in Savings Bank Account	1,14,699
in Public Deposit Account	326,14,00,000
Total	326,15,14,699
Schedule -3	
Current Liabilities	
Audit fee payable	13,484
Total	13,484

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule-4

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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. Revenue Recognition

Interest earned on the term deposits is recognized on a time proportion basis on the outstanding balances at the applicable rates.

C. Management fee

The Chennai Mega City Development Fund (Grant Fund of Government of Tamil Nadu) is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as prescribed by Government of Tamil Nadu vide GO.Ms.No.10 Municipal Administration and Water Supply (MC-1) Department, dated 27.01.2012, TNUIFSL is eligible for a fee as prescribed in the above said G.O.

D. Transfer of surplus

The balance in Income and Expenditure Account is transferred every year to the Grant Fund Account.

E. Grant Fund

The balance in Grant Fund represents funds received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to ULBs & other eligible disbursements, if any.

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31.03.2013

Schedule - 4

(II) NOTES FORMING PART OF THE ACCOUNTS

A. Nature of Operation

The Chennai Mega City Development Fund is created by Government of Tamil Nadu to assist Corporation of Chennai and Chennai Metropolitan Water Supply and Sewerage Board for improving of infrastructure / basic amenities in expanded areas of Chennai. It is a Grant Fund of Government of Tamil Nadu

B. This is the first year of operation and hence providing corresponding figures for the previous year does not arise.

Signature to Schedules 1 to 4

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/-
K. Phanindra Reddy, IAS
Director

(Tamil Nadu Urban Infrastructure Financial
Services Limited - Fund Manager of Chennai
Mega City Development Fund)

Place : Chennai
Date : 20/06/2013

TNUDF

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.tnuifsl.com