

Annual Report
2013 - 2014

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. T. Udhayachandran, IAS.,
Secretary to Government (Expenditure),
Finance Department, Secretariat,
Fort St. George, Chennai - 600 009.

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

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

Mr. K. Ganesan, IAS.,
Chairman & Managing Director,
Tamil Nadu Urban Finance &
Infrastructure Development Corporation Ltd.,
490/1-2, Anna Salai, Nandanam, Chennai - 600 035.

Mr. S.P. Chidambaram,
Assistant General Manager,
ICICI Bank Limited,
No.1, Cenotaph Road, 3rd Floor,
Teynampet, Chennai - 600 018.

Mr. Hari Reddy,
Deputy General Manager,
ICICI Bank Limited,
No.1, Cenotaph Road, 3rd Floor,
Teynampet, Chennai - 600018.

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

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

Bankers

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**

Mr. Mohan Verghese Chunkath, IAS.,
Chief Secretary, Government of Tamilnadu,
Secretariat, Fort St. George,
Chennai - 600 009.

Chairman

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

Mr. K. Phanindra Reddy, IAS.,
Principal 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. Mohan Pyare, IAS.,
Principal Secretary to Government,
Housing & Urban Development Department,
Secretariat, Fort St. George, Chennai - 600 009.

Mr. S. P. Chidambaram,
Assistant General Manager,
ICICI Bank Limited,
No.1, Cenotaph Road, 3rd Floor,
Teynampet, Chennai - 600 018.

Mr. Hari Reddy,
Deputy General Manager,
ICICI Bank Limited,
No.1, Cenotaph Road, 3rd Floor,
Teynampet, Chennai - 600018.

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

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

Bankers

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

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 2013 – 2014

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, Mission and Objectives

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”

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.

3. 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).

4. Resources

A sum of ₹ 1714.15 crores is available with TNUDF for providing financial assistance for implementation urban infrastructure projects:

₹ in crores

Sl.No.	Sources	Available	Availed
1	Units	199.60	199.60
2	Loan under World Bank assisted TNUDP II	138.53	138.53
3	Loan under World Bank assisted TNUDP III	589.34	589.34
4	Loan under JICA assisted TNUIP	180.50	143.60
5	Loan Under KfW assisted SMIF - TN	317.10	271.20
6	Loan Under KfW assisted SMIF - TN - II - I	289.08	80.00
	Total	1714.15	1422.27

Of the above, a sum of ₹ 1422.27 crores has been availed and the balance amount will be availed based on the progress of the projects assisted by TNUDF.

5. Assistance under External Aided Projects

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

The TNUDP-III with the assistance of World Bank launched on 19.10.2005 was completed on 31.03.2014. The objectives of TNUDP III are to develop TNUDF as financial intermediary to provide financing for infrastructure to ULBs on a sustainable basis, to provide financial assistance to implement urban infrastructure projects and strengthen urban reforms.

A sum of ₹ 627.33 crores has been disbursed as term loan to the ULBs based on the progress of the projects under TNUDP-III as on 31.03.2014.

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

TNUIP with the assistance of JICA was launched on 25th March 2008. 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.

A sum of ₹ 120.66 crores has been disbursed as term loan to the ULBs based on the progress of the projects under TNUIP up to 31.03.2014.

5.3. KfW assisted projects

a. Sustainable Municipal Infrastructure Financing –Tamil Nadu (SMIF – TN) Program assisted by KfW, the German funding agency

The SMIF – TN Program with the assistance of KfW was launched in 2008. The objective is to improve the living conditions of residents in urban areas by constructing and improving water supply, sewerage and other urban facilities. Considering the time required for completion of projects under implementation, the completion period of the project has been extended up to 31st December 2014.

A sum of ₹ 371.89 crores has been disbursed as term loan to the ULBs based on the progress of the projects under SMIF-TN Program up to 31.03.2014.

b. Sustainable Municipal Infrastructure Financing in Tamil Nadu Phase II – Part I (SMIF-TN II-1) Program assisted by KfW, the German funding agency

The SMIF – TN-II-1 Program with the assistance of KfW was launched in 2012. The objective is to contribute towards improvement of environment and preservation of natural resources and the living conditions of the urban population. The project implementation period is from December 2012 to June 2018.

A sum of ₹ 59.09 crores has been disbursed as term loan to the ULBs based on the progress of the projects under SMIF-TN-II-1 Program up to 31.03.2014.

6. PERFORMANCE

6.1 Project Loan Approvals

During the financial year 2013-14, term loan of ₹ 773.34 crores has been sanctioned to twelve urban infrastructure projects. The sector wise financial assistance is as detailed below:

(₹ in Crores)

SI.No.	Sector	No. of Projects	Project Cost	Term Loan Sanctioned
1	Water Supply	5	1486.78	586.54
2	Roads	5	128.34	89.84
3	Street Lights	2	145.85	96.96
	Total	12	1760.97	773.34

6.2 Project Loan Disbursements

During the financial year 2013 - 2014, a sum of ₹ 566.19 crores has been disbursed as term loan as detailed below :

(₹ in crores)

Sector	Loan amount disbursed	
	2013 - 2014	2012 - 2013
Sewerage & Sanitation	43.23	60.96
Water Supply	398.24	172.24
Roads, Bridges, Storm Water Drains, Street Lights & River Improvement	122.93	0.00
Bus Stations and Office Building	1.79	4.48
Total	566.19	237.68

6.3 Project Loan Recovery

The entire debt service (principal and interest) dues of ₹ 97.45 crores from the ULBs for the financial year 2013-14 has been collected. TNUDF has achieved record 100% collection efficiency continuously for the past nine financial years. As on 31.03.2014, there are no non-performing assets.

7. Accounts and Audit

The Accounts for the financial year 2013-2014 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)

	31.3.14	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
Total Assets	1604.05	1376.92	1272.84	1038.71	1001.40	687.59	673.13	531.40	492.85	477.60	554.23	794.03	688.93	657.52
Net worth	226.87	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
Total Income	108.13	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
Total Expenditure	101.22	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
Surplus before provision for contingency	-	-	-	-	-	17.96	18.34	15.33	8.49	7.35	19.02	25.01	33.36	24.04
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
Surplus before tax	6.91	10.75	10.48	4.36	4.50	-	-	-	-	-	-	-	-	-
Provision for Tax	2.98	3.49	3.24	1.27	1.43	-	-	-	-	-	-	-	-	-
Net income / surplus after tax transferred to Capital Fund	3.93	7.26	7.24	3.09	3.07	-	-	-	-	-	-	-	-	-
Average Return on Loan lending %	8.39	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
Yield on Investments %	10.19	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
Cost of funds %	7.83	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
Loan Sanctions (Net)	773.34	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
Loan Disbursements	566.19	237.68	85.36	185.35	151.46	88.63	70.74	69.42	26.71	102.50	51.13	2.53	19.71	219.29
Recoveries (Principal + Interest)	97.45	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
Collection Efficiency %	100.00	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

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 2014, the Income & 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 2014;
 - 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
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Trust so far as appears from our examination of those books;
 - c) 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;
 - d) 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
 - e) on the basis of information received from the Trustee Company as on 31st March 2014, and taken on record by the Trustees, none of the Trustees is disqualified as on 31st March 2014, 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: 25/06/2014

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

TAMIL NADU URBAN DEVELOPMENT FUND
BALANCE SHEET AS AT 31st MARCH 2014

	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
SOURCES OF FUNDS			
1 Capital Fund			
a. Contribution by Settlor	1	5,000	5,000
b. Reserves & Surplus	2	27,27,00,392	23,33,57,269
2 Other Funds			
a. Units	3	199,59,69,211	199,59,69,211
b. Loans Borrowed	4	1222,67,64,740	1024,53,22,134
3 Current Liabilities	5	154,50,67,602	129,45,07,783
TOTAL		1604,05,06,945	1376,91,61,397
APPLICATION OF FUNDS			
4 Investments	6	61,81,527	81,83,469
5 Loans Disbursed	7	1268,23,37,676	809,24,36,822
6 Current Assets	8	335,19,87,742	566,85,41,106
7 Notes including Significant Accounting Policies	11		
TOTAL		1604,05,06,945	1376,91,61,397

The Notes referred to above form an integral part of the Financial Statements
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/-
S.P. Chidambaram **K. Phanindra Reddy, IAS**
(Trustees)
**Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited**

Place : Chennai
Date : 25/06/2014

Place : Chennai
Date : 25/06/2014

TAMIL NADU URBAN DEVELOPMENT FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Note No.	For the Year	For the Year
		2013 - 2014	2012 - 2013
		(₹)	
INCOME			
1. Interest on Loans Disbursed		82,05,32,417	58,32,23,123
2. Interest on Deposits & Savings Bank Accounts		25,99,48,277	40,96,17,895
3. Income from Investments		8,20,368	13,51,320
TOTAL		108,13,01,062	99,41,92,338
EXPENDITURE			
4. Financial Cost	9	91,23,18,455	81,88,02,935
5. Management Fee & other Operating Expenses	10	8,14,55,777	6,20,16,695
6. Provision in respect of Loans Disbursed		1,84,33,337	58,50,939
TOTAL		101,22,07,569	88,66,70,569
7. Net income before Tax		6,90,93,493	10,75,21,769
8. Less: Provision for Income Tax		2,97,50,370	3,49,41,700
9. Net Income / Surplus after tax transferred to Capital Fund		3,93,43,123	7,25,80,069
10. Notes including Significant Accounting Policies	11		

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

S.P. Chidambaram

(Trustees)

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

Sd/-

K. Phanindra Reddy, IAS

Place : Chennai

Date : 25/06/2014

Place : Chennai

Date : 25/06/2014

TAMIL NADU URBAN DEVELOPMENT FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

		For the Year Ended 31/03/2014	For the Year Ended 31/03/2013
		(₹)	
A.	Cash flow From Operating Activities		
	Surplus before Tax	6,90,93,493	10,75,21,769
	<i>Operating Surplus before Working Capital Changes</i>	6,90,93,493	10,75,21,769
	Adjustments for changes in :		
	Current Assets	23,01,13,005	(3,61,28,877)
	Current Liabilities	22,08,09,449	(8,19,11,899)
	<i>Cash Generated from Operations</i>	52,00,15,947	(1,05,19,007)
	Less: Tax Paid / Tax Deducted at source	(3,76,57,746)	(3,94,95,377)
	Net Cash from / (Used in) Operating Activities	48,23,58,201	(5,00,14,384)
B.	Cash Flow from Investing Activities		
	Loans Disbursed (Net)	(458,99,00,854)	(144,98,79,513)
	Investment (Net)	20,01,942	2,34,44,192
	Net Cash used in Investing Activities	(458,78,98,912)	(142,64,35,321)
C.	Cash Flow from Financing Activities		
	Unit	0	0
	Borrowings (Net)	198,14,42,606	101,51,42,428
	Net Cash from Financing Activities	198,14,42,606	101,51,42,428
	Net (Decrease) / Increase in Cash & Cash Equivalents (A + B + C)	(212,40,98,105)	(46,13,07,277)
	Cash and Cash equivalents at the beginning of the Accounting Period	326,79,02,345	372,92,09,622
	Cash and Cash equivalent at the end of the Accounting Period	114,38,04,240	326,79,02,345

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/-

S.P. Chidambaram

(Trustees)

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

Sd/-

K. Phanindra Reddy, IAS

Place : Chennai

Date : 25/06/2014

Place : Chennai

Date : 25/06/2014

TAMIL NADU URBAN DEVELOPMENT FUND
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

Details	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note- 1		
Contribution by Settlor		
Initial Settlement Amount	5,000	5,000
Total	5,000	5,000
Note- 2		
Reserves & Surplus		
1 Capital Reserve	2,66,40,789	2,66,40,789
2 Income and Expenditure Account		
Opening balance	20,67,16,480	13,41,36,412
Add: Transfer during the year	3,93,43,123	7,25,80,068
	24,60,59,603	20,67,16,480
Total	27,27,00,392	23,33,57,269
Note- 3		
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
Note- 4		
Loans Borrowed		
1 Loans under IBRD line of credit		
a. Loans under TNUDP - II	138,53,15,549	148,38,86,145
b. Loans under TNUDP-III	589,34,49,191	525,84,35,989
2 Loans under JICA line of credit	143,60,00,000	143,60,00,000
3 Loans under KfW line of credit		
a. Loans under SMIF-TN	271,20,00,000	191,00,00,000
b. Loans under SMIF-TN-II-1	80,00,00,000	0
4 Loans against deposits	0	15,70,00,000
Total	1222,67,64,740	1024,53,22,134

TAMIL NADU URBAN DEVELOPMENT FUND
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

Details	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note- 5		
Current Liabilities		
1 Current Liabilities		
a. Expenses payable	2,05,786	2,22,471
b. Amount received in advance from borrowers	24,27,13,735	6,57,49,102
c. Other liabilities to Government of Tamil Nadu	8,71,838	8,94,307
d. Interest accrued but not due on borrowings	31,85,10,568	28,26,26,598
e. Front end fees payable	80,00,000	0
2 Provisions		
a. Provision for tax	12,40,21,675	9,42,71,305
b. Provision for Contingencies (See note 11 II iv b)	85,07,44,000	85,07,44,000
Total	154,50,67,602	129,45,07,783
Note - 6		
Investments		
Long Term		
1. 12.25% - Non Convertible Redeemable Bonds of ₹ 1 lakh each issued by Corporation of Madurai	61,81,527	81,83,469
Total	61,81,527	81,83,469
Note - 7		
Loans Disbursed		
1 Loans to Urban Infrastructure Projects	1273,32,70,759	812,42,77,778
2 Loans to Urban Infrastructure Projects – Guaranteed by Government of Tamil Nadu	0	6,58,790
	1273,32,70,759	812,49,36,568
Less: Provisions	5,09,33,083	3,24,99,746
Total	1268,23,37,676	809,24,36,822

TAMIL NADU URBAN DEVELOPMENT FUND
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014

Details	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note- 8		
Current Assets		
1 Cash and Cash Equivalents		
a. In Savings Bank Accounts	48,04,240	3,09,05,043
b. In Public Deposit Account	49,00,00,000	132,00,00,000
c. In Deposit Accounts	64,90,00,000	191,69,97,302
2 Current Investments		
a. Term Deposits with Companies	71,41,49,530	95,86,07,034
3 Other Current Assets		
a. Interest accrued on deposits and investments	5,85,67,705	13,13,72,330
b. Interest accrued on Public Deposit Account	10,65,93,333	10,84,33,333
c. Interest accrued on loans disbursed	24,25,20,880	15,35,31,756
d. Income Tax Paid under protest	88,42,86,608	88,42,86,608
e. Income tax paid in Advance/ Tax Deducted at Source	20,20,65,446	16,44,07,700
Total	335,19,87,742	566,85,41,106

Details	For the Year 2013-14	For the Year 2012-13
Note- 9		
Financial Cost		
1 Interest on units	15,36,89,630	15,28,91,242
2 Interest on loans borrowed	75,03,09,976	66,47,79,124
3 Interest on loans against deposits	83,18,849	11,32,569
Total	91,23,18,455	81,88,02,935
Note- 10		
Management Fee & Other Operating Expenses		
1 Management Fees	5,76,26,370	5,14,41,241
2 Front End Fees on loans borrowed	2,30,98,000	1,00,00,000
3 Auditors' Remuneration		
- Audit	1,18,314	1,35,000
- Tax Audit	13,146	15,000
- Service Tax	0	18,540
4 Other Expenses	5,99,947	4,06,914
Total	8,14,55,777	6,20,16,695

TAMIL NADU URBAN DEVELOPMENT FUND
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31.03.2014

Note - 11

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
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

Note - 11

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

i. 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.

ii. Loans Borrowed

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

TAMIL NADU URBAN DEVELOPMENT FUND
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

Note - 11

Significant Accounting Policies and Notes on Accounts (Contd.)

iii. Loans Disbursed and Provisioning Norms thereof

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.

iv. Capital commitments and contingent liabilities:

- a) Term loans pending disbursement against sanction for which funds have been received from the Government is ₹ 43.85 crores (as on 31st March 2013 is ₹ 137.16 crores).
- b) The Trust has been assessed to income tax, disregarding the stand of the Trust, for the Assessment Years 1997-98 to 2009-10 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, Writ Petition before the Hon'ble High Court Judicature at Madras have been filed for the AY 1997-98 to AY 2005-06 and the filing of Writ Petition for AY 2006-07 and 2007-08 is in process. For the Assessment Year 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.

v. Expenditure and earnings in Foreign Currency:

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

vi. 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 : 25/06/2014

Sd/-

S.P. Chidambaram

Sd/-

K. Phanindra Reddy, IAS

(Trustees)

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

Place : Chennai

Date : 25/06/2014

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the 17th Annual Report of the Company together with audited financial Statement for the year ended 31st March 2014.

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 2013-2014 are as follows :

(Amount in ₹)

	2013-14	2012-13
Income	1,00,378	1,03,204
Expenditure	87,021	89,718
Net Profit before tax	13,377	13,486
Net Profit after tax	9,177	8,986
Net Worth	10,62,105	10,52,928

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 31.03.2014.

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, 1975.

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

The Company has not earned any foreign exchange and outgo during the financial year 2013-14.

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:

Mr. Mohan Verghese Chunkath, IAS has been appointed as Director in the place of Mrs. Sheela Balakrishnan, IAS, Mr. Hari Reddy has been appointed as Director in the place of Mr. R. Kannan and Mr. Mohan Pyare, IAS has been appointed as Director in the place of Mr. Thanga Kaliyaperumal, 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.S.Krishnan, IAS and Mr.K.Shanmugam, IAS are retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

6. SECRETARIAL AUDIT

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

7. ACKNOWLEDGMENT

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

For and on behalf of the
Board of Director

Place: Chennai – 17
Date: 27.08.2014

Chief Secretary
Chairman – TNUITCL

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

M 22-E, Sri Subah Colony,
Munuswamy Road, K.K. Nagar,
Chennai – 600 078.
Ph : 23661875

COMPLIANCE CERTIFICATE

CIN: U65991TN1996PLC036866

To

The Members

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

I have examined the registers, records, books and papers of M/s. TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and the explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. 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.
2. 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.
3. The Company being a Public Limited Company, the provisions of Section 3 (1) (iii) are not applicable to this company.
4. The Board of Directors duly met 5 times on 02-04-2013 (meeting which was originally scheduled to take place on 28-03-2013 was adjourned to 02-04-2013 due to lack of quorum), 24-06-2013, 03-09-2013, 26-12-2013 and 19-03-2014 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.
5. The Company has not opted to close its Register of Members during the year under review.
6. The Annual General Meeting for the year ended on 31st March, 2013 was held on 03rd September, 2013 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No Extraordinary General Meeting(s) was/were held during the financial year under review.
8. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
12. The Company has not issued any Duplicate Share Certificate during the financial year.
13. 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.
14. 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.

15. There was no appointment of Managing Director / Whole time Director during the financial year under review.
16. The Company has not appointed any sole – selling agents during the financial year.
17. 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.
18. 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.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back shares during the financial year.
21. There was no redemption any preference shares /debentures during the financial year.
22. 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..
23. The Company has not invited / accepted any deposits including any unsecured loan or advances falling with in the purview of Section 58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
24. The Company has not made any borrowings during the financial year under review.
25. The Company has not made any inter corporate investments or loans as envisaged under Section 372-A of the Act.
26. 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.
27. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered the Articles of Association during the financial year.
31. The Company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.
32. The Company has not received any money as security from its employees during the year.
33. 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 : 25-06-2014

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 30-04-2013 SRN: B73918583
2. Form 32 filed on 08-07-2013 SRN: B78871944
3. Form 32 filed on 21-09-2013 SRN: B84986991
4. Form 23 filed on 21-09-2013 SRN: B84988765
5. Form 66 (31-03-2013) filed on 19-09-2013 SRN: Q11391978
6. Form 23AC &ACA (31-03-2013) filed on 21-09-2013 SRN: Q11475167
7. Form 20B (03-09-2013) filed on 30-09-2013 SRN: Q11903853
8. Form 32 filed on 17-01-2014 SRN: B93907194

**P.M.M.ASSOCIATES
CHARTERED ACCOUNTANT**

INDEPENDENT AUDITORS' REPORT

To the Members of
TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Tamil Nadu Urban Infrastructure Trustee Company Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014; and
- (b) in the case of the Statement of Profit and Loss, of the Profit 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 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:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15 / 2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. 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, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - f. 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 **P.M.M. ASSOCIATES**
Chartered Accountants
Firm Registration No. 002494S

Sd/-

N. Ramaraj
Partner

Place : Chennai
Date : 25.06.2014

Membership No. 22683

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

**P.M.M.ASSOCIATES
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 TRUSTEE COMPANY 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, 2014 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.
- 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 P.M.M. ASSOCIATES
Chartered Accountants
Firm Registration No. 002494S

Sd/-

N. Ramaraj
Partner

Membership No. 22683

Place : Chennai
Date : 25.06.2014

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 2014

	Note No.	As at 31.03.2014	As at 31.03.2013
		(₹)	
I. EQUITY AND LIABILITY			
Shareholders Funds			
a. Share Capital	3	10,07,000	10,07,000
b. Reserves & Surplus	4	55,105	45,928
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	12,000	14,687
d. Short Term Provisions		0	0
Total		10,74,105	10,67,615
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	9,79,486	9,67,368
e. Short Term Loans and Advances		0	0
f. Other Current Assets	7	94,619	1,00,247
Total		10,74,105	10,67,615
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/-
S.P. Chidambaram
Director

Sd/-
K. Phanindra Reddy, IAS
Director

Place : Chennai
Date : 25.06.2014

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

	Note No.	For the year ended	For the year ended
		31st March 2014	31st March 2013
		(₹)	
I. Revenue from Operations		0	0
II. Other Income	8	1,00,398	1,03,204
III. Total Revenue (I+II)		1,00,398	1,03,204
IV. Expenses			
Employee Benefits		0	0
Finance Cost		0	0
Depreciation and amortization Expenses		0	0
Other Expenses	9	87,021	89,718
Total Expenses		87,021	89,718
V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		13,377	13,486
VI. Exceptional Items		0	0
VII. Profit Before Extraordinary Items and Tax (V - VI)		13,377	13,486
VIII. Extraordinary Items		0	0
IX. Profit Before Tax (VII - VIII)		13,377	13,486
X. Tax Expense			
1. Current Tax		4,200	4,500
2. Deferred Tax		0	0
XI. Profit for the year from continuing operations (IX - X)		9,177	8,986
XII. Earnings Per Share (Basic & Diluted)	11.3	0.09	0.09
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/-
S.P. Chidambaram
Director

Sd/-
K. Phanindra Reddy, IAS
Director

Place : Chennai
Date : 25.06.2014

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014.

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 2014

Note 3: Share Capital

Particulars	As at 31st March 2014		As at 31st March 2013	
	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, 2014			
- 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, 2013			
- 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 2014		As at 31st March 2013	
	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 2014

Note : 4 : Reserves and Surplus

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
(a) General reserve	0	0
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	45,928	36,942
Add: Profit / (Loss) for the year	9,177	8,986
Closing balance	55,105	45,928
Total	55,105	45,928

Note 5 : Other Current Liabilities

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
Other payables		
(i) Statutory remittances	0	0
(ii) Contractually reimbursable expenses	12,000	14,687
Total	12,000	14,687

Note 6 : Cash and Cash Equivalents

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
(a) Cash on hand	0	0
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	24,486	17,368
(ii) In deposit accounts	9,55,000	9,50,000
Total	9,79,486	9,67,368

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014

Note : 7 : Other Current Assets

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
(a) Accruals		
(i) Interest accrued on deposits	62,074	61,384
(ii) Interest accrued on investments	0	0
(b) Others		
(i) Advance tax and TDS (net of provisions)	32,545	38,863
(II) Term Deposits with Companies	0	0
Total	94,619	1,00,247

Note : 8 : Other Income

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
a) Interest Income		
On Investments (Tax-free)	0	0
On term Deposits	98,562	1,03,204
b) Other Non-operating income		
Miscellaneous Income	1,836	0
Total	1,00,398	1,03,204

Note : 9 : Other Expenses

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
Administrative expenses	51,000	51,000
Repairs and maintenance - Others	0	3,300
Printing and stationery	990	4,458
Filing Fees	2,400	1,500
Legal and professional	10,000	5,000
Payments to auditors : Statutory Audit Fees	12,000	13,483
Office Expenses	10,631	10,977
Total	87,021	89,718

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014

Note : 10 : Additional Information to the Financial Statements

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
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	9,177	8,986
Number of Equity Shares	1,00,700	1,00,700
Earning Per Share		
Basic	0.09	0.09
Diluted	0.09	0.09

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 : 25.06.2014

For and on behalf of the Board of Directors

Sd/-

S.P. Chidambaram

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 Seventeenth Annual Report of the Company together with the audited financial Statement for the year ended 31st March 2014.

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 by the Urban Local Bodies (ULBs).
- 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 Nine 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, Chennai Rivers Restoration Trust, Annamalai University, Tamil Nadu Infrastructure Development Board, Corporation of Chennai and Electrical Inspectorate of Government of Tamil Nadu.

2. FINANCIAL RESULTS

The summarized financial results of your Company for the financial year 2013 - 14 are furnished below :

(₹ in lakhs)

DETAILS	2013-14	2012-13
Income	993.97	893.00
Expenditure	351.47	362.98
Profit Before Tax	642.50	530.02
Profit After Tax	439.42	363.94
Surplus brought forward	1440.05	1147.63
Amount available for appropriations	1879.47	1511.57
Appropriations :		
Transfer to General Reserve	43.95	36.40
Proposed dividend	30.02	30.02
Tax on dividend	5.10	5.10
Surplus carried to Balance Sheet	1800.40	1440.05
Net Profit on income (%)	44.21	40.75
Return on Net worth (%)	20.50	20.92
Earnings per share (₹)	43.91	36.37

3. DIVIDEND

Your Directors are happy to recommend a Dividend @ 30% on paid up equity share capital for the financial year ended 31.3.2014. 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 outgo during the financial year 2013 -14.

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.

Mr.K.Ganesan, IAS, Chairman and Managing Director of TUFIDCO has been appointed as Director in the place of Dr. Niranjan Mardi, IAS, Mr.Hari Reddy has been appointed as Nominee Director of ICICI Bank Limited and Mr.Mathew Joseph has been appointed as Nominee Director of HDFC in the place of Mr.Joseph Conrad A D'Souza.

As per the Articles of Association, at every Annual General Meeting, one third of the Directors (other than the Chairman, Chief Executive Officer and one ICICI nominee) who have been longest in office since their appointment are liable to retire by rotation. Accordingly, Mr. Chandrakant B.Kamble, IAS and Mr.S.P.Chidambaram, 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 2013-2014.

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.

Place : Chennai – 600 017

Date : 25-08-2014

For and on behalf of the Board of Directors
Sd/-

Chairperson & Managing Director

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

M 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 2014. 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 20-6-2013, 02-09-2013, 20-12-2013 and 18-3-2014 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, 2013 was held on 2nd September 2013 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 under review.

- 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.
- As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
- The Company has not issued any Duplicate Share Certificate during the financial year.
- The Company has:
 - (i) 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 Section 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 not made any 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 : 24-06-2014

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 08-07-2013 SRN: B78867611
2. Form 32 filed on 17-09-2013 SRN: B84595040
3. Form 32 filed on 18-09-2013 SRN: B84746858
4. Form 23 filed on 20-09-2013 SRN: B84877455
5. Form 66 (31-03-2013) filed on 17-09-2013 SRN: Q11284486
6. Form 23AC &ACA (31-03-2013) filed on 20-09-2013 SRN No: Q11445095
7. Form 20B (02-09-2013) filed on 23-09-2013 SRN: Q11559440
8. Form 32 filed on 17-01-2014 SRN: Q93905354

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

INDEPENDENT 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, 2014, 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

The Company's 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, read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- (b) in the case of the Statement of 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 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 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - 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, 2014, 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

Membership Number : 025400

Place : Chennai
Date : 24-06-2014

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, 2014 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 : 24.06.2014

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2014

	Note No.	As at 31.03.2014	As at 31.03.2013
		(₹)	
I. EQUITY AND LIABILITY			
Shareholders' Funds			
a. Share Capital	3	1,00,07,000	1,00,07,000
b. Reserves & Surplus	4	20,43,71,390	16,39,42,042
Non Current Liabilities			
a. Long Term Borrowings		0	0
b. Other Long Term Liabilities		0	0
c. Long Term Provisions	5	35,26,486	25,49,037
Current Liabilities			
a. Short Term Borrowings		0	0
b. Trade Payables		0	0
c. Other Current Liabilities	6	48,80,237	47,65,832
d. Short Term Provisions	7	42,35,005	36,32,973
Total		22,70,20,118	18,48,96,884
II. ASSETS			
1. Non Current Assets			
a. Fixed Assets (Net Block)			
i. Tangible Assets	8	39,52,793	37,80,863
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	13,26,087	9,14,018
d. Long-term Loans and Advances		0	0
e. Other Non-current Assets		0	0
2. Current Assets			
a. Current Investments	10	14,66,84,082	3,05,00,000
b. Inventories		0	0
c. Trade Receivables	11	10,98,618	5,05,685
d. Cash and Cash Equivalents	12	3,59,66,686	11,23,29,459
e. Short Term Loans and Advances	13	16,36,916	14,19,028
f. Other Current Assets	14	44,54,936	35,47,831
Total		22,70,20,118	18,48,96,884
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 : 24.06.2014

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 2014

	Note No.	For the year ended	For the year ended
		31.03.2014	31.03.2013
		(₹)	
I. Revenue from Operations	15	8,12,86,022	7,53,69,650
II. Other Income	16	1,81,11,589	1,39,30,317
III. Total Revenue (I+II)		9,93,97,611	8,92,99,967
IV. Expenses			
Employee Benefits	17	2,47,33,729	2,33,18,922
Finance Cost		0	0
Depreciation and amortization Expenses	8	10,56,485	10,70,251
Other Expenses	18	93,57,150	1,19,09,188
Total Expenses		3,51,47,364	3,62,98,361
V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		6,42,50,247	5,30,01,606
VI. Exceptional Items		0	0
VII. Profit Before Extraordinary Items and Tax (V - VI)		6,42,50,247	5,30,01,606
VIII. Extraordinary Items			0
IX. Profit Before Tax (VII - VIII)		6,42,50,247	5,30,01,606
X. Tax Expense			
1. Current Tax		2,07,00,000	1,70,00,000
2. Prior Years Tax		20,661	0
3. Deferred Tax	19.7	(4,12,069)	(3,92,149)
XI. Profit for the year from continuing operations (IX-X)		4,39,41,655	3,63,93,755
XII. Earnings Per Share (Basic & Diluted)	19.6	43.91	36.37
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 : 24.06.2014

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 2014

	For the year ended 31.03.2014	For the year ended 31.03.2013
	₹	
A. Cash flow From Operating Activities		
Profit before Tax	6,42,50,247	5,30,01,606
Add: Bad Debts written off	0	6,70,735
Add: Depreciation	10,56,485	10,70,251
Loss / (Profit) on sale of Fixed Assets	(43,394)	0
Add: Dividend Paid	35,12,307	34,89,116
Less: Interest Received	(1,80,66,815)	(1,39,28,582)
Operating Profit before Working Capital Changes	5,07,08,830	4,43,03,126
Adjustments for		
(Increase) / Decrease in Current Assets	95,24,953	(3,39,646)
Increase / (Decrease) in Current Liabilities	(1,24,89,082)	(1,11,448)
Cash Generated from Operations	4,77,44,701	4,38,52,032
Less: Income Tax paid	(1,95,18,852)	(1,71,12,466)
Net Cash from Operating Activities (A)	2,82,25,849	2,67,39,566
B. Cash flow from Investing Activities		
Interest Received	1,80,66,815	1,39,28,582
Sale of Assets	2,30,250	0
Purchase of assets	(14,15,271)	(7,76,325)
Less: Increase in Deposits and Loans & Advances	(11,79,58,109)	(3,01,81,442)
Net Cash From Investing Activities (B)	(10,10,76,315)	(1,70,29,185)
C. Cash Flow from Financing Activities		
Dividend & Dividend Tax Paid	(35,12,307)	(34,89,116)
Net Cash from Financing Activities (C)	(35,12,307)	(34,89,116)
D. Net Increase in Cash and Cash Equivalents (A+B+C)	(7,63,62,773)	62,21,265
Cash and Cash equivalents at the beginning of the Accounting period	11,23,29,459	10,61,08,194
Cash and Cash equivalent at the end of the Accounting period	3,59,66,686	11,23,29,459
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 : 24.06.2014

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 2014.

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 2014.

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 2014

Note 3 : Share Capital

Particulars	As at 31st March 2014		As at 31st March 2013	
	No. of shares	(₹)	No. of shares	(₹)
(a) Authorised Equity shares of ₹ 10 each with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
(b) Issued, Subscribed and Fully paid-up Equity shares of ₹ 10 each with voting rights	10,00,700	1,00,07,000	10,00,700	1,00,07,000

(c) Equity Reconciliation

Particulars	Opening Balance 01-04-2013	Fresh Issue	Closing Balance 31-03-2014
Equity shares with voting rights			
Year ended 31st March, 2014			
- 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, 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

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

Class of Shares / Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
	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 2014

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
Note 4 : Reserves and Surplus		
(a) General reserve		
Opening balance	1,99,36,667	1,62,96,667
Add: Transferred from surplus in Statement of Profit and Loss	43,95,000	36,40,000
Closing balance (a)	2,43,31,667	1,99,36,667
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	14,40,05,375	11,47,63,927
Add: Profit / (Loss) for the year	4,39,41,655	3,63,93,755
	18,79,47,030	15,11,57,682
Less:		
Dividends proposed to be distributed to Equity Shareholders (₹ 3 per share)	30,02,100	30,02,100
Tax on dividend	5,10,207	5,10,207
Transferred to General reserve	43,95,000	36,40,000
Closing balance (b)	18,00,39,723	14,40,05,375
Total (a + b)	20,43,71,390	16,39,42,042
Note 5: Long Term Provisions		
Provision for employee benefits:		
Provision for earned leave	35,26,486	25,49,037
Total	35,26,486	25,49,037
Note 6: Other Current Liabilities		
Other payables		
(i) Statutory remittances	984	15,443
(ii) Contractually reimbursable expenses	48,79,253	47,50,389
(iii) Others	0	0
Total	48,80,237	47,65,832
Note 7: Short-term Provisions		
(a) Provision for employee benefits		
(i) Provision for earned leave	1,69,923	1,20,666
(ii) Others	0	0
(b) Provision - Others:		
(i) Provision for income tax (Net off Prepaid taxes)	5,52,775	0
(ii) Provision for proposed equity dividend	30,02,100	30,02,100
(iii) Provision for tax on proposed dividend	5,10,207	5,10,207
(iv) Provision - others	0	0
Total	42,35,005	36,32,973

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Note 8 : Fixed Assets

(Amount in ₹)

Particulars	Gross Block				Depreciation					Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Rate	As at 31.03.2013	For the Year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Computer Equipments & Software	27,10,062	4,78,475	0	31,88,537	40.00%	18,98,463	3,31,357	0	22,29,820	9,58,717	8,11,599
Office Equipment	19,22,644	47,685	43,305	19,27,024	13.91%	10,48,368	1,31,407	13,235	11,66,540	7,60,484	8,74,276
Furniture & Fixtures	18,79,814	10,425	0	18,90,239	18.10%	14,11,691	95,155	0	15,06,846	3,83,393	4,68,123
Vehicles	33,12,330	8,78,686	7,00,660	34,90,356	25.89%	16,85,465	4,98,566	5,43,874	16,40,157	18,50,199	16,26,865
Total	98,24,850	14,15,271	7,43,965	1,04,96,156		60,43,987	10,56,485	5,57,109	65,43,363	39,52,793	37,80,863
Previous Year	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

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	As at 31st March 2014	As at 31st March 2013
	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	14,66,84,082	3,05,00,000
Total	14,66,84,082	3,05,00,000
Note 11: Trade Receivables		
Trade receivables outstanding for a period exceeding		
six months from the date they were due for payment		
Unsecured, considered good	6,76,407	2,02,248
Other Trade receivables		
Unsecured, considered good	4,22,211	3,03,437
Total	10,98,618	5,05,685
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	59,66,686	13,42,303
(ii) In deposit accounts	3,00,00,000	11,09,87,156
Total	3,59,66,686	11,23,29,459

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
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	16,750	11,750
(c) Loans and advances to employees - 'Unsecured, considered good'		
Festival Advance	1,60,665	99,659
Travelling and other advances	2,000	0
(d) Prepaid expenses – 'Unsecured, considered good'	7,50,641	6,00,759
(e) Others - 'Unsecured, considered good'	0	0
Total	16,36,916	14,19,028
Note 14: Other Current Assets		
(a) Accruals		
(i) Interest accrued on deposits	31,17,758	15,61,619
(ii) Interest accrued on investments	13,37,178	13,37,178
(b) Others		
(i) Advance tax and TDS (net of provisions)	0	6,49,034
Total	44,54,936	35,47,831
Note 15: Revenue from Operations		
Sale of Services - Revenue from Operations		
Appraisal fees	5,05,96,278	5,01,18,196
Supervision & recovery fees	2,41,96,925	2,15,48,232
Treasury Management Fees	2,12,656	2,84,307
Professional fees	62,80,163	34,18,915
Service tax collected	1,01,20,965	93,76,307
	9,14,06,987	8,47,45,957
Less: Service tax paid	1,01,20,965	93,76,307
Total	8,12,86,022	7,53,69,650

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014.

Note 19: Additional information to the financial statements

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
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 31.03.2014

₹ In lakhs

Present Value of Obligations on 01/04/2013	23.99
Interest Cost	1.92
Current Service Cost	2.21
Benefits paid	0
Actuarial (gain)/loss on obligations	3.00
Present Value of Obligations as on 31/03/2014	31.12

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014.

Changes in fair value of plan assets

₹ In lakhs

Fair value of plan assets as on 01/04/2013	25.82
Expected return on plan assets	2.61
Contributions	7.50
Benefits Paid	0
Actuarial (gain) / loss on plan assets	Nil
Fair value of plan assets as on 31/03/2014	35.93

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	31.12
Fair value of plan assets as on 31/03/2014	35.93
Liability recognized in the Balance Sheet	4.81

Principal Assumptions used in determining post-employment benefit

Discount Rate	8.00%
Salary Escalation	8.00%
Expected return on plan assets	9.07%

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.

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014.

19.6: Earnings Per Share

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
Profit After Tax	4,39,41,655	3,63,93,755
Number of Equity Shares	1000700	1000700
Earning Per Share		
Basic	43.91	36.37
Diluted	43.91	36.37

19.7: Deferred Tax

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
Deferred Tax arising out of -		
1. Depreciation	2,54,496	2,36,088
2. Other timing differences	10,71,591	6,77,930
	13,26,087	9,14,018

Particulars	As at 31st March 2014	As at 31st March 2013
	(₹)	
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 : 24.06.2014

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 2013-14

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 framework,
2. Provide financial assistance for implementation of urban infrastructure projects,
3. Enable urban local bodies to access debt finance from the capital 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
Principal Secretary to the Government, MA & WS Department	Trustee
Principal Secretary to the Government, Finance Department	Trustee
Principal Secretary to the Government, Planning & Development Department	Trustee
Secretary to the Government, Housing & Urban Development Department	Trustee
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. Bond Issues under Pooled Finance framework

During the financial year 2013-14, a sum of ₹ 51.00 crores has been mobilized by issue of Non-Convertible Redeemable Bonds under pooled finance framework. In total, a sum of ₹ 222.30 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	51.00
2	Coupon rate	9.20% Taxable	7.25% Tax-free	7.50% Tax-free	10.60% Taxable	8.71% Taxable
3	Rating	AAA(SO)	AA(SO)	AA(SO)	AA(SO)	AA(SO)
4	Tenor	15 Years	10 years	10 years	10 years	10 years
5	No. of beneficiary ULBs	13	7	7	10	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	May 2013
8	Bond Balance as on 31.03.2014 (₹ in crores)	5.12	6.70	83.19	51.00	51.00

The outstanding bond balance as on 31.03.2014 is ₹ 197.01 crores.

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 31.03.2014 is ₹ 48.26 crores. The debt service of loans borrowed by WSPF is provided by Government of Tamil Nadu through budgetary allocation, every year.

iii. National Lake Conversation Project (NLCP)

During the year 2004, the Government nominated the WSPF as the nodal agency for arranging funds (towards State Government's Contribution) for implementation of the Kodaikanal Lake Conservation Project implemented under NLCP. Accordingly, a sum of ₹ 1.73 crores has been borrowed by WSPF from Tamil Nadu Urban Development Fund towards State Government's share of contribution under NLCP and the same has been provided for implementation of the schemes. The balance outstanding as on 31.03.2014 is ₹ 1.73 crores. The debt service of loans borrowed by WSPF is provided by Government of Tamil Nadu through budgetary allocation, every year.

5. Accounts and Audit

The Accounts for the financial year 2013-14 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, 2014, 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. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014 are prepared, in all material respects, in accordance with the Indian Trusts Act.

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

Sd/-

C.R.Sundararajan

Partner

Membership Number: 025400

Place : Chennai
Date : 25.06.2014

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

BALANCE SHEET AS AT 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
SOURCES OF FUNDS			
1. Capital Fund			
Contribution by settler		10,000	10,000
2. Other Funds			
a. Government Grant Account	1	114,86,61,828	100,21,13,460
b. Loans Borrowed	2	311,99,62,627	267,98,08,800
3. Current Liabilities	3	16,90,91,187	13,65,51,415
Total		443,77,25,642	381,84,83,675
APPLICATION OF FUNDS			
4. Loans Disbursed	4	297,89,38,028	235,77,01,726
5. Current Assets	5	145,87,87,614	146,07,81,949
Total		443,77,25,642	381,84,83,675
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 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 : 25.06.2014

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	Note No.	For the year ended 31/03/2014	For the year ended 31/03/2013
		(₹)	
INCOME			
Interest on Loans Disbursed	6	21,42,26,187	16,21,61,834
Other Income	7	70,18,887	12,21,341
Total		22,12,45,074	16,33,83,175
EXPENDITURE			
Interest on Loans Borrowed	8	21,42,26,187	16,21,61,834
Other Expenses	9	70,18,887	12,21,341
Total		22,12,45,074	16,33,83,175
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
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 attached

For R.K. Kumar & Co.

Chartered Accountants

Firm Regn. No. 001595S

For Water and Sanitation Pooled Fund

Sd/-

C.R. Sundararajan

Partner

Membership No. 025400

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

K. Phanindra Reddy, IAS

Trustee

Place : Chennai

Date : 25.06.2014

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year ended 31/03/2014	For the year ended 31/03/2013
	(₹)	
Opening balances: Cash & Cash Equivalents		
-Cash on hand	0	0
-Balance in Savings Bank Accounts with Banks	1,56,55,408	10,00,227
-Balance in Public Deposit Account with Banks	32,50,00,000	32,60,83,333
-Balance in Term Deposit Account with Banks	85,49,26,506	74,48,60,680
Total (A)	119,55,81,914	107,19,44,240
Receipts:		
Loan Installment Received	25,37,90,246	14,97,93,507
Grant from Government of Tamil Nadu	4,37,88,390	4,23,02,100
Grant from Grant Fund I for expenses	29,18,450	29,48,609
Interest on Deposits	10,45,96,421	10,36,56,695
Grant from KfW Grant Fund II for expenses	42,16,508	0
Interest on PD Account	1,30,00,000	0
EMD received from Underwriters	90,00,000	0
Loan from TNUDF	1,72,72,500	0
Loan from Government of Tamil Nadu	0	32,50,00,000
Proceeds of 10.60% Taxable Bonds Issue	0	51,00,00,000
Proceeds of 8.71% Taxable Bonds Issue	51,00,00,000	0
Total (B)	95,85,82,515	113,37,00,911
Total (A)+(B)	215,41,64,429	220,56,45,151
Payments:		
Payment to Bondholders	14,34,47,202	13,81,33,655
Expenses paid out of Grant from Grant Fund I	29,15,340	29,48,609
Expenses paid out of Grant from KfW Grant Fund II	41,71,823	44,685
Expenses paid out of Govt. Grant A/c	65,23,538	0
Deposit with Financial Institutions	40,82,15,900	2,27,36,906
Interest on PD account	1,30,00,000	10,83,333
Interest on Loan from Government	39,49,469	14,49,144
EMD refunded to Underwriters	90,00,000	0
Loans Disbursed to ULBs	78,79,49,505	84,31,67,000
Project Development Expenses	5,55,569	4,99,905
Total (C)	137,97,28,346	101,00,63,237

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year ended 31/03/2014	For the year ended 31/03/2013
	₹	
Closing balances: Cash & Cash Equivalents		
-Cash on hand	0	0
-Balance in Savings Bank Accounts with Banks	1,02,69,985	1,56,55,408
-Balance in Public Deposit Account with Banks	2,50,00,000	32,50,00,000
-Balance in Term Deposit Account with Banks	73,91,66,098	85,49,26,506
Total (D) (A+B-C)	77,44,36,083	119,55,81,914

As per 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 : 25.06.2014

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note 1: Government Grant Account		
Government of Tamil Nadu Grant Account	42,68,62,186	34,06,01,652
Cash Collateral for bond issue	24,38,64,661	22,65,43,569
Bond Service Fund	16,70,78,279	15,08,88,887
Credit Rating Enhancement Fund	30,54,09,642	27,85,82,008
Project Development Grant	54,47,060	54,97,344
Total	114,86,61,828	100,21,13,460
Note 2: Loans Borrowed		
9.20% 15 year Taxable Non- Convertible Redeemable Bonds	5,12,26,664	6,40,33,331
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
10.60% 10 year Taxable Pooled Bonds	51,00,00,000	51,00,00,000
8.71% 10 year Taxable Pooled Bonds	51,00,00,000	0
Loan from Government of Tamil Nadu	65,00,00,000	65,00,00,000
Other Loans Borrowed	49,98,35,963	55,68,75,469
Total	311,99,62,627	267,98,08,800
Note 3: Current Liabilities		
Interest payable to bondholders	11,14,91,263	7,53,28,535
Interest payable on Government Loan	1,77,08,333	2,60,00,000
Interest payable on other loans	1,02,19,183	1,08,84,984
Other Liabilities	22,472	1,71,688
Received in advance from ULBs	2,96,49,936	2,41,66,208
Total	16,90,91,187	13,65,51,415
Note 4: Loans Disbursed		
Loans Disbursed to ULBs	247,91,02,065	180,08,26,257
Other Loans	49,98,35,963	55,68,75,469
Total	297,89,38,028	235,77,01,726

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note 5: Current Assets		
a) Cash & Cash Equivalents:		
Balances with Scheduled Banks		
- in Savings Bank Accounts	1,02,69,985	1,56,55,408
- in Public Deposit Account	2,50,00,000	32,50,00,000
- in Term Deposit Accounts	73,91,66,098	85,49,26,506
b) Current Investments		
- Term Deposits with Financial Institutions	56,38,09,890	15,55,93,990
c) Other Current Assets		
- Interest Accrued on Deposits	5,87,49,692	4,56,78,809
- Interest Accrued on Loans Disbursed to ULBs	3,25,34,703	2,27,03,042
- Interest Accrued on Public Deposit	1,77,08,333	2,60,00,000
- Interest Accrued on Other Loans	1,02,19,183	1,08,84,984
- Amount receivable from ULBs	0	29,51,385
- Other Advances & Receivables	21,348	1,52,741
- Tax Deducted at source	13,08,382	12,35,084
Total	145,87,87,614	146,07,81,949
Note 6: Interest earned on Loans Disbursed		
Interest earned on Loans to ULBs	17,07,47,332	11,39,87,681
Interest earned on Other Loans	4,34,78,855	4,81,74,153
Total	21,42,26,187	16,21,61,834
Note 7: Other Income		
Project Development Grant	4,95,349	5,60,125
GoTN. Grant	65,23,538	6,61,216
Total	70,18,887	12,21,341
Note 8: Interest on Loans Borrowed		
Interest on bonds issued	16,67,97,863	11,25,38,537
Interest on Loans from Government	39,49,469	14,49,144
Interest on other Loans Borrowed	4,34,78,855	4,81,74,153
Total	21,42,26,187	16,21,61,834
Note 9: Other Expenses		
Project Development Expenses	4,95,349	5,60,125
Management Fee	36,79,709	6,61,216
Government guarantee charges	22,88,014	0
Other operating expenses	5,55,815	0
Total	70,18,887	12,21,341

WATER AND SANITATION POOLED FUND

(Trust wholly owned by Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note 10: 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.

Note 11: Notes on Accounts

a. 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

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.

b. 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. Expenses are met out of Grants. The loss due to operation (interest loss amounting to ₹ 79,61,735/- and other expenses of ₹ 65,23,538/-) for the financial year 2013-14 has been adjusted against GoTN Grant A/c.

c. 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

d. WSPF Bonds

A sum of ₹ 222.30 crs. has been mobilized by issue of Taxable and Tax-free Non-Convertible Redeemable Pooled Bonds, of which a sum of ₹ 25.29 crores has been redeemed. The principal bond balance as on 31.03.2014 is ₹ 197.01 crores.

e. Employee Retirement Benefits

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

f. 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.

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

As per our report of even date attached

For R.K. Kumar & Co.

Chartered Accountants

Firm Regn. No. 001595S

For Water and Sanitation Pooled Fund

Sd/-

C.R. Sundararajan

Partner

Membership No. 025400

Sd/-

Anita Praveen, IAS

Member Secretary

Sd/-

K. Phanindra Reddy, IAS

Trustee

Place : Chennai

Date : 25.06.2014

Grant Fund – I

Report on the activities and Annual Accounts of Grant Fund I for the FY 2013-2014

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 ₹ 812 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 ₹ 812 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 ₹ 812 crores has been allotted to Grant Fund – I as grant under TNUDP-III and the entire amount has been released by Government to Grant Fund - I upto 31.03.2014.

The funds have been committed for 110 sub-projects under TNUDP III, of which capital grant has been sanctioned for 92 sub-projects amounting to ₹ 869.09 crores (including exchange rate variation) under Grant Fund-I. A sum of ₹ 89.17 crores (previous year ₹ 54.12 crores) has been disbursed to the ULBs during the financial year 2013-14 based on the progress of the project. In total, a sum of ₹ 623.71 crores has been disbursed to ULBs as capital grant up to 31.3.2014, 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	420.80
3.	Water Supply	21	251.39	182.19
4.	Roads	13	50.64	5.57
5.	Bus Stand	1	1.19	1.19
6.	River Improvements	1	9.37	8.40
	Total	92	869.09	623.71

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 2013-14 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 2014, 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, 2014 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 : 24.06.2014

Grant Fund - I
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Funds			
Grant from Government	1	281,97,87,317	165,66,74,062
Current Liabilities	2	39,924	39,925
Total		281,98,27,241	165,67,13,987
Application of Funds			
Current Assets	3		
a. Cash and Cash Equivalents		251,34,70,317	136,14,87,689
b. Current Investments		26,27,66,000	23,80,00,000
c. Other Current Assets		4,35,90,924	5,72,26,298
Total		281,98,27,241	165,67,13,987
Notes including Significant Accounting Policies - Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Financial Statements for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	6,79,485	4,12,306
On Deposit Accounts	6,70,64,654	8,40,83,345
Total	6,77,44,139	8,44,95,651
Expenditure		
Management Fee	1,00,18,826	60,80,766
Audit Fee – Statutory Audit	24,718	24,720
Total	1,00,43,544	61,05,486
Excess of Income over Expenditure transferred to Grant from Government	5,77,00,595	7,83,90,165
Notes including Significant Accounting Policies - Note 4		

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Financial Statements for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	200,00,00,000	0
Interest Receipts	8,36,28,545	8,35,69,986
Other Receipts from TNUDF	38,78,807	84,75,195
Other Receipts from WSPF	37,81,738	0
Total	209,12,89,090	9,20,45,181
Payments		
Disbursements to Urban Local Bodies	89,16,72,000	54,11,86,000
Disbursements to WSPF	29,15,340	29,48,609
Term Deposit with Companies	2,47,66,000	12,04,30,673
Other Payments to TNUDF	38,70,715	38,78,807
Other Payments to WSPF	60,38,862	37,81,738
Management Fee	1,00,18,826	60,80,766
Audit Fees	24,719	22,472
Total	93,93,06,462	67,83,29,065
Surplus / (Deficit) for the period	115,19,82,628	(58,62,83,884)
Add: Opening Cash and Bank Balances	136,14,87,689	194,77,71,573
Closing Cash & Bank Balances	251,34,70,317	136,14,87,689

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 : 24.06.2014

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant from Government		
Balance at the beginning of the year	165,66,74,062	212,24,18,506
Add: Grant assistance received during the year	200,00,00,000	0
Excess of Income over Expenditure carried from Income and Expenditure Account	5,77,00,595	7,83,90,165
	371,43,74,657	220,08,08,671
Less: Disbursement to ULBs during the year	89,16,72,000	54,11,86,000
Disbursement towards other expenses	29,15,340	29,48,609
Total	281,97,87,317	165,66,74,062
Note-2		
Current Liabilities		
Audit Fee payable	24,719	24,720
Other Liabilities	15,205	15,205
Total	39,924	39,925
Note-3		
Current Assets		
a. Cash and Cash Equivalents		
i. In Savings Bank Account with Banks	5,60,638	1,31,87,689
ii. In Deposit account with Banks	75,35,09,679	59,83,00,000
iii. In Public Deposit Account with Banks	175,94,00,000	75,00,00,000
	251,34,70,317	136,14,87,689
b. Current Investments		
i. Term Deposit with Companies	26,27,66,000	23,80,00,000
	26,27,66,000	23,80,00,000
c. Other Current Assets		
i. Accrued interest on Deposits	3,25,19,346	4,84,03,752
ii. TDS on interest on Deposits	11,62,001	11,62,001
iii. Receivable from TNUDF	38,70,715	38,78,807
iv. Receivable from WSPF	60,38,862	37,81,738
	4,35,90,924	5,72,26,298
Total	281,98,27,241	165,67,13,987

Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 from Government Account.

E. Grant from Government Account

The balance in Grant from Government Account represents grants 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 FINANCIAL STATEMENTS

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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

- 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. Previous year's figures have been regrouped / reclassified wherever necessary..

Signature to Notes 1 to 4

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 : 24.06.2014

Grant Fund – II

Report on the activities and Annual Accounts of Grant Fund II for the FY 2013-2014

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 2013-14

I. Assignments completed during the financial year 2013-14:

- i. Carrying out Environmental and Social audit of all TNUDP-III projects.
- ii. Preparation of Detailed Project Report
 - To provide Storm Water Drain System to Tirunelveli Corporation
 - To provide Storm Water Drain System to Expanded Area of Tiruppur Corporation
 - To redevelop Chetpet swamp in Chennai.
 - To develop Perumpallam Odai in Erode.
 - To construct Gani market complex with all amenities in Erode.
 - To construct five 5 grade Separators at Rajiv Gandhi Salai (IT Corridor) in Chennai for Highways Department
 - To safely dispose effluents generated from the dyeing units in and around Pallipalayam & Komarapalayam Municipalities.
 - To provide Storm Water Drain System to Avadi, Anagaputtur, Pammal, Poonamallee, Tambaram and Tiruverkadu Municipalities.

- To construct Multi Level Car Parking Cum Commercial Complex at Three places for Coimbatore Corporation.
 - 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 Municipality
 - To construct daily market comprising of vegetable, flower, fish and mutton shops in Kodaikanal.
 - To develop Kodaikanal Lake.
 - To provide Sky Walk at four different locations for Coimbatore Corporation.
 - To develop select Chennai City Roads to International Standards for Chennai Corporation.
- iii. Study on the impacts of Anthropogenic intervention of degraded Adyar Creek.
 - iv. Carrying out Technical Quality Audit for all water supply and under ground sewerage schemes funded by TNUDF.
 - v. Environmental Assessment and Monitoring of sub-projects assisted under external lines of credit.
 - vi. To develop a model for price discovery through BOT operations of various possible activities at various locations in Tiruchirapalli City Corporation areas.
 - vii. Proof checking of DPR for Hogenekkal Water Supply and Fluorosis Mitigation Project.
 - viii. Preparation of City Development Plan for
 - Vellore Corporation
 - Expanded areas of Erode Corporation
 - ix. Consultancy assignment for Preparation of City Regional Plan for Sriperumbudur.
 - x. Preparation of Comprehensive Mobility Plan for Vellore Local Planning Area

II. Ongoing assignments:

a) Assignments taken up during previous financial years

- i. Transaction Advisory Services
 - 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.
 - 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

- ii. Preparation of Detailed Project Report
 - To provide Integrated Storm Water Drain System for the expanded areas of Chennai Corporation.
 - To provide Bio remediation, reclamation and closure of old dumped waste site at Pallikaranai.
 - To provide Storm Water Drains for Tiruchirappalli Corporation
 - 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}
- iii. Preparation of City Development Plan for Coimbatore Corporation

b) Assignments taken up during the financial year 2013-14

- i. Proof Checking the Detailed Project Report & Bid Documents for construction of a 400 MLD Sea Water Reverse Osmosis Desalination Plant at Perur, Nemmeli village along East Coast Road, Tamil Nadu.
- ii. Consultancy Services for Third Tamil Nadu Urban Development Project's (TNUDP III) Outcomes and Assessment Study for Implementation Completion Report (ICR).
- iii. Preparation of Detailed Project Report for
 - Multi Level Car Parking (MLCP) at Uthamar Gandhi Salai in Chennai.
 - New Link Road from Kaliamman Street Salai to Poonamalle Road in Chennai.
 - Development of Kotivakkam, Palavakkam and Neelankarai Beaches for Chennai Corporation.
 - Construction of an Integrated Traffic Infrastructure Facility from Ega Theatre Junction in EVR Periyar High Road to Thirumalai Pillai Road in T.Nagar Near Valluvarkottam in Chennai.
 - Construction of Pedestrian Subways at five locations in Chennai for Corporation of Chennai.
 - Grade Separator at Madhya Kailash Junction along MRTS Line over Buckingham Canal from Kasturibai Nagar MRTS Stations towards Kotturpuram and Grade Separator at the Junction of T.T.K. Road Vs. St. Mary's Road Vs. Chamiers Road at Adyar.
 - Storm Water Drain System to Expanded Area of Coimbatore Corporation.
 - Construction of Grade Separator connecting Anna Salai with Mahalingapuram through Usman Road suitably integrating existing flyovers in the route for Chennai Corporation.

- iv. Preparation of Comprehensive Mobility Plan for
 - Vellore Local Planning Area
 - Erode and Salem Local Planning Area
 - Coimbatore Local Planning Area
 - Thoothukudi Local Planning Area
- v. Carrying out Technical Quality Audit for all water supply and under ground sewerage schemes funded by TNUDF.
- vi. 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 ₹ 43.63 crores (including excess commitment of ₹ 2.23) has been committed for 154 number (including EOI) of consultancy assignments up to 31.03.2014. A sum of ₹ 33.79 crores has been disbursed to various consultancies up to 31.03.2014 under TNUDP-III. The status of consultancy assignments as on 31.03.2014 is furnished below:

Sl.no.	Particulars	No. of consultancies / projects (including EOI)	Value of Consultancy assignment (₹ in crores)
1	Funds Committed	154	43.63
2	Of the above		
	(i) Procurements completed	154	43.63
	(ii) Procurements in process	Nil	Nil
3	Of the procurements completed		
	(i) Assignments completed	129	33.79
	(ii) Assignments in progress	25	9.84

Of the above 129 consultancy assignments completed, 21 assignments have been fructified in to projects resulting in contracts for ₹ 3469.83 crores.

9. Disbursement

During the financial year 2013-14, a sum of ₹ 6.00 crores (previous year ₹ 5.00 crores) has been released by GoTN to Grant Fund II and a sum of ₹ 9.67 crores (previous year ₹ 4.42 crores) has been disbursed for various consultancies based on progress.

10. Accounts and Audit

The Annual Accounts for the financial year 2013-14 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 2014, 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, 2014 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 : 24.06.2014

Grant Fund - II
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Fund			
Grant from Government	1	10,34,89,980	13,14,16,520
Current Liabilities	2	4,43,365	3,32,686
Total		10,39,33,345	13,17,49,206
Application of Fund			
Current Assets	3		
a. Cash and Cash Equivalents		10,10,33,132	13,00,52,782
b. Other Current Assets		29,00,213	16,96,424
Total		10,39,33,345	13,17,49,206
Notes including Significant Accounting Policies - Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	97,151	92,495
On Deposit Accounts	97,69,113	91,75,619
Total	98,66,264	92,68,114
Expenditure		
Management Fee	10,86,316	4,96,884
Audit Fee – Statutory Audit	24,718	24,720
Total	11,11,034	5,21,604
Excess of Income over Expenditure transferred to Grant from Government	87,55,230	87,46,510
Notes including Significant Accounting Policies - Note 4		

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	6,00,00,000	5,00,00,000
Interest Receipts	87,73,154	96,56,875
Total	6,87,73,154	5,96,56,875
Payments		
Disbursements to Consultants	9,66,81,770	4,42,22,438
Management Fee	10,86,316	4,96,884
Audit Fees - Statutory Audit	24,718	22,472
Total	9,77,92,804	4,47,41,794
Surplus / (Deficit) for the year	(2,90,19,650)	1,49,15,081
Add: Opening Cash and Bank Balance	13,00,52,782	11,51,37,701
Closing Cash & Bank Balances	10,10,33,132	13,00,52,782

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 : 24.06.2014

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant from Government		
Balance at the beginning of the year	13,14,16,520	11,68,92,448
Add: Grant assistance received during the year	6,00,00,000	5,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	87,55,230	87,46,510
	20,01,71,750	17,56,38,958
Less: Disbursement to consultants during the year	9,66,81,770	4,42,22,438
Total	10,34,89,980	13,14,16,520
Note-2		
Current Liabilities		
Audit Fees Payable	24,719	24,720
Other Liabilities	3,07,966	3,07,966
TDS on Payments	1,10,680	0
Total	4,43,365	3,32,686
Note-3		
Current Assets		
a. Cash and Cash Equivalents		
i. in Savings Account with Bank	10,33,132	4,52,782
ii. in Deposit account with Banks	10,00,00,000	8,96,00,000
iii. in Public Deposit Account with Bank	0	4,00,00,000
	10,10,33,132	13,00,52,782
b. Other Current Assets		
i. Accrued interest on Deposits	27,85,540	16,92,431
ii. TDS on interest on Deposits	3,993	3,993
iii. Other Receivables	1,10,680	0
	29,00,213	16,96,424
Total	10,39,33,345	13,17,49,206

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 from Government Account.

E. Grant from Government Account

The balance in Grant from Government Account represents grants received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of technical assistance grant to consultancy assignments & other eligible disbursements, if any.

Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) Notes forming part of Financial Statements

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 year's figures have been regrouped / reclassified wherever necessary.

Signature to Notes 1 to 4

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 : 24.06.2014

Grant Fund – III

Report on the activities and Annual Accounts of Grant Fund III for the Financial Year 2013-2014

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 GF– III as grant under TNUDP-III, of which a sum of ₹ 179 crores has been released by Government to GF-III up to 31.03.2014.

A sum of ₹ 36.50 crores (previous year ₹ 45.20 crores) has been released by Government of Tamil Nadu to GF-III and a sum of ₹ 53.00 crores (previous year ₹ 29.00 crores) has been disbursed to CMDA during the financial year 2013-2014. In total, a sum of ₹ 179 crores has been disbursed to CMDA up to 31.03.2014.

9. Accounts and Audit

The Annual Accounts for the financial year 2013-14 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 2014, 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.No.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, 2014 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. 001375S
Sd/-

R. Lakshminarayanan
Partner

Membership No. 16246

Place : Chennai
Date : 24.06.2014

Grant Fund - III
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Notes No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Funds			
Grant from Government	1	5,70,80,158	21,27,35,271
Current Liabilities	2	93,765	16,854
Total		5,71,73,923	21,27,52,125
Application of Funds			
Current Assets	3		
a. Cash and Cash Equivalents		5,51,58,895	20,90,60,502
b. Other Current Assets		20,15,027	36,91,623
Total		5,71,73,923	21,27,52,125
Notes including Significant Accounting Policies - Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	2,19,261	3,69,583
On Deposit Accounts	1,06,44,732	1,09,00,830
Total	1,08,63,993	1,12,70,413
Expenditure		
Management Fee	14,88,770	8,14,610
Audit Fee – Statutory Audit	16,854	16,854
Other Expenses	13,483	13,483
Total	15,19,107	8,44,947
Excess of Income over Expenditure transferred to Grant from Government	93,44,886	1,04,25,466
Notes including Significant Accounting Policies - Note 4		

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

Place: Chennai

Date : 24.06.2014

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

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	36,50,00,000	45,20,00,000
Interest Receipts	1,25,40,589	83,09,199
Total	37,75,40,589	46,03,09,199
Payments		
Disbursement to CMDA	53,00,00,000	29,00,00,000
Management Fee	14,11,859	8,14,610
Statutory Audit Fees & Other Fees	30,337	30,337
Total	53,14,42,196	29,08,44,947
Surplus / (Deficit) for the year	(15,39,01,607)	16,94,64,252
Add: Opening Cash and Bank Balance	20,90,60,502	3,95,96,250
Closing Cash & Bank Balances	5,51,58,895	20,90,60,502

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 : 24.06.2014

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note - 1		
Grant from Government		
Balance at the beginning of the year	21,27,35,271	4,03,09,805
Add: Grant assistance received during the year	36,50,00,000	45,20,00,000
Excess of Income over Expenditure carried from Income & Expenditure Account	93,44,886	1,04,25,466
	58,70,80,158	50,27,35,271
Less: Disbursement to CMDA during the year	53,00,00,000	29,00,00,000
Total	5,70,80,158	21,27,35,271
Note -2		
Current Liabilities		
Audit Fee payable	16,854	16,854
Management Fees payable	76,911	0
Total	93,765	16,854
Note -3		
Current Assets		
a. Cash and Cash Equivalents		
i. In Savings Bank Account with Bank	16,954	60,502
ii. In Deposit account with Banks	5,51,41,941	20,90,00,000
	5,51,58,895	20,90,60,502
b. Other Current Assets		
i. Accrued interest on Deposits	20,15,027	36,91,623
	20,15,027	36,91,623
Total	5,71,73,923	21,27,52,125

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 from Government Account.

E. Grant from Government Account

The balance in Grant from Government Account represents grants received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of grant to CMDA & other eligible disbursements, if any.

Grant Fund - III

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note - 4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) Notes forming part of Financial Statements

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 year's figures have been regrouped / reclassified wherever necessary.

Signature to Notes 1 to 4

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 : 24.06.2014

Project Preparatory Grant Fund

Report on the activities and Annual Accounts of Project Preparatory Grant Fund for the Financial Year 2013-2014

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

A sum of ₹ 0.91 crores (previous year ₹ Nil) has been disbursed during the financial year 2013-14.

9. Accounts and Audit

The Annual Accounts for the financial year 2013-14 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 2014, 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.No.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, 2014 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/-

N. Raghu Ram
Partner
Membership No. 210771

Place : Chennai
Date : 24.06.2014

Project Preparatory Grant Fund
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Notes No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Funds			
Grant from Government	1	36,03,11,302	33,53,26,442
Current Liabilities	2	4,13,483	13,484
Total		36,07,24,785	33,53,39,926
Application of Funds			
Current Assets	3		
a. Cash and Cash Equivalents		27,42,04,539	25,66,99,252
b. Current Investments		8,01,42,892	7,29,10,200
c. Other Current Assets		63,77,354	57,30,474
Total		36,07,24,785	33,53,39,926
Notes including Significant Accounting Policies - Note 4			

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For Ponraj & Co.,

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	19,080	26,048
On Deposit Accounts	3,40,93,348	2,63,86,046
Other Income	1,00,000	0
Total	3,42,12,428	2,64,12,094
Expenditure		
Management Fee	1,18,622	0
Audit Fee – Statutory Audit	13,482	13,484
Total	1,32,104	13,484
Excess of Income over Expenditure transferred to Grant from Government	3,40,80,324	2,63,98,610
Notes including Significant Accounting Policies - Note 4		

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For Ponraj & Co.,

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	0	6,34,53,150
Interest Receipts	3,34,65,548	2,58,47,488
Earnest Money Deposit	5,00,000	0
Total	3,39,65,548	8,93,00,638
Payments		
Disbursements	90,95,464	0
Management Fee	1,18,622	0
Audit Fees	13,483	13,483
Term Deposit with Companies	72,32,692	69,10,200
Total	1,64,60,261	69,23,683
Surplus / (Deficit) for the year	1,75,05,287	8,23,76,955
Add: Opening Cash and Bank Balance	25,66,99,252	17,43,22,297
Closing Cash & Bank Balances	27,42,04,539	25,66,99,252

Vide our report of even date attached

For Ponraj & Co.,

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant from Government		
Balance at the beginning of the year	33,53,26,442	24,54,74,682
Add: Grant assistance received during the year	0	6,34,53,150
Excess of Income over Expenditure carried from Income & Expenditure Account	3,40,80,324	2,63,98,610
	36,94,06,766	33,53,26,442
Less: Disbursements made during the year	90,95,464	0
Total	36,03,11,302	33,53,26,442
Note - 2		
Current Liabilities		
Audit Fee payable	13,483	13,484
Other Liabilities (EMD)	4,00,000	0
Total	4,13,483	13,484
Note - 3		
Current Assets		
a. Cash and Cash Equivalents		
i. In Savings Account with Banks	5,51,306	99,570
ii. In Deposit account with Banks	27,36,53,233	25,65,99,682
	27,42,04,539	25,66,99,252
b. Current Investments		
i. Term Deposit with Companies	8,01,42,892	7,29,10,200
	8,01,42,892	7,29,10,200
c. Other Current Assets		
i. Accrued interest on Deposits	63,77,354	57,30,474
	63,77,354	57,30,474
Total	36,07,24,785	33,53,39,926

Project Preparatory Grant Fund
(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 Grant from Government Account.

E. Grant from Government Account

The balance in Grant from Government Account represents grants received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of capital grant to technical assistance grant to consultancy assignments & other eligible disbursements, if any.

Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note - 4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL STATEMENTS

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 Notes 1 to 4

Vide our report of even date attached

For Ponraj & Co.,

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram,

Partner

Membership No. 210771

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 : 24.06.2014

TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND

Report on the activities and Annual Accounts of Tamil Nadu Urban Road Infrastructure Fund for the Financial Year 2013 - 2014.

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 2013-2014, a sum of ₹ 441.28 crores (previous year ₹ 274.70 crores) has been released by Government to TURIF. A sum of ₹ 0.01 crores has been disbursed to consultants (previous year ₹ 0.04 crores).

9. Accounts and Audit

The Annual Accounts for the financial year 2013-2014 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 2014, 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 ammended 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, 2014 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 : 24.06.2014

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Fund			
Grant from Government	1	87,03,73,690	212,63,43,027
Current Liabilities	2	16,854	2,92,833
Total		87,03,90,544	212,66,35,860
Application of Fund			
Current Assets			
a. Cash and Cash Equivalents	3	42,68,55,021	183,32,85,910
b. Current Investments		39,64,89,000	23,67,99,281
c. Other Current Assets		4,70,46,523	5,65,50,669
Total		87,03,90,544	212,66,35,860
Notes including Significant Accounting Policies – Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	22,85,146	59,77,672
On Deposit Accounts	14,23,64,313	6,35,96,828
Total	14,46,49,459	6,95,74,500
Expenditure		
Management Fee	6,54,359	2,75,979
Audit Fee – Statutory Audit	16,854	16,854
Total	6,71,213	2,92,833
Excess of Income over Expenditure transferred to Grant from Government	14,39,78,246	6,92,81,667
Notes including Significant Accounting Policies – Note 4		

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

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

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	441,28,40,912	274,69,85,932
Interest Receipts	15,41,53,605	3,54,68,680
Total	456,69,94,517	278,24,54,612
Payments		
Disbursements to Urban Local Bodies	581,27,36,000	245,62,00,000
Disbursements to Consultants	52,495	4,23,719
Term Deposit with Companies	15,96,89,719	2,34,07,748
Management Fee	9,30,338	0
Audit Fees	16,854	16,854
Total	597,34,25,406	248,00,48,321
Surplus / (Deficit) for the year	(140,64,30,889)	30,24,06,291
Add: Opening Cash and Bank Balance	183,32,85,910	153,08,79,619
Closing Cash & Bank Balances	42,68,55,021	183,32,85,910

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 : 24.06.2014

Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant from Government		
Balance at the beginning of the year	212,63,43,027	176,66,99,147
Add: Grant assistance received during the year	441,28,40,912	274,69,85,932
Excess of Income over Expenditure carried from Income & Expenditure Account	14,39,78,246	6,92,81,667
	668,31,62,185	458,29,66,746
Less : Disbursements to ULBs during the year	581,27,36,000	245,62,00,000
Disbursements towards Other Expenses	52,495	4,23,719
Total	87,03,73,690	212,63,43,027
Note - 2		
Current Liabilities		
Audit Fee payable	16,854	16,854
Management Fee Payable	0	2,48,381
Other Liabilities	0	27,598
Total	16,854	2,92,833
Note-3		
a. Cash and Cash Equivalents		
i. In Savings Bank Account with Banks	2,83,021	1,07,928
ii. In Deposit Account with Banks	42,65,72,000	183,31,77,982
iii. In Public Deposit Account with Banks	0	0
	42,68,55,021	183,32,85,910
b. Current Investments		
Deposit with Companies	39,64,89,000	23,67,99,281
	39,64,89,000	23,67,99,281
c. Other Current Assets		
Accrued interest on Deposits	4,70,46,523	5,65,50,669
	4,70,46,523	5,65,50,669
Total	87,03,90,544	212,66,35,860

Tamil Nadu Urban Road Infrastructure Fund **(Grant Fund of Government of Tamil Nadu)**

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 ammended 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 From Government Account.

E. Grant From Government Account

The balance in Grant From Government Account represents Grants 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note - 4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL 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 Notes 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

Place: Chennai

Date : 24.06.2014

**(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 2013 - 2014

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 ₹ 125.40 crores has been released by Government to JBIC Grant Fund-I up to 31.03.2014.

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 ₹ 35.10 crores (previous year ₹ 9.99 crores) has been disbursed to the ULBs during the financial year 2013 -14 based on the progress of the project.

In total, a sum of ₹ 98.54 crores has been disbursed to ULBs as capital grant up to 31.3.2014, 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	7.00
3	Palani	Water Supply	6.48	3.29
4	Coonoor	Water Supply	4.16	3.30
5	Idappadi	Water Supply	6.67	3.50
6	Devakottai	Water Supply	2.49	1.40
7	Thoothukudi	Water Supply	70.61	26.60
	TOTAL		173.34	98.54

9. Accounts and Audit

The Annual Accounts for the financial year 2013-2014 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 2014, 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, 2014 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 : 24.06.2014

Membership No. 022890

JBIC Grant Fund - I
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Fund			
Grant from Government	1	26,14,87,085	21,54,87,087
Current Liabilities	2	16,854	16,854
Total		26,15,03,939	21,55,03,941
Application of Fund			
Current Assets	3		
a. Cash and Cash Equivalents		26,15,02,352	21,48,47,829
b. Other Current Assets		1,587	6,56,112
Total		26,15,03,939	21,55,03,941
Notes including Significant Accounting Policies – Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

**(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)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	2,98,355	1,24,627
On Deposit Accounts	6,62,333	17,93,970
Total	9,60,688	19,18,597
Expenditure		
Management Fee	39,43,836	11,22,477
Audit Fee – Statutory Audit	16,854	16,854
Total	39,60,690	11,39,331
Excess of Expenditure over income transferred to Grant from Government	(30,00,002)	7,79,266
Notes including Significant Accounting Policies – Note 4		

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	40,00,00,000	0
Interest Receipts	16,15,213	14,24,463
Total	40,16,15,213	14,24,463
Payments		
Disbursement to Urban Local Bodies	35,10,00,000	9,99,00,000
Management Fee	39,43,836	11,22,477
Statutory Audit Fees	16,854	13,483
Total	35,49,60,690	10,10,35,960
Surplus / (Deficit) for the year	4,66,54,523	(9,96,11,497)
Add: Opening Cash and Bank Balance	21,48,47,829	31,44,59,326
Closing Cash & Bank Balances	26,15,02,352	21,48,47,829

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 : 24.06.2014

**(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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant From Government		
Balance at the beginning of the year	21,54,87,087	31,46,07,821
Add: Grant assistance received during the year	40,00,00,000	0
Excess of Income over Expenditure transferred from Income & Expenditure Account	0	7,79,266
	61,54,87,087	31,53,87,087
Less: Disbursement to ULBs during the year	35,10,00,000	9,99,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	30,00,002	0
Total	26,14,87,085	21,54,87,087
Note- 2		
Current Liabilities		
Audit Fees Payable	16,854	16,854
Total	16,854	16,854
Note- 3		
a. Cash and Cash Equivalents		
i. In Savings Bank Account with Banks	3,98,962	5,23,254
ii. In Deposit Account with Banks	11,03,390	20,00,00,000
iii. In Public Deposit Account with Banks	26,00,00,000	1,43,24,575
	26,15,02,352	21,48,47,829
b. Other Current Assets		
Accrued interest on Deposits	1,587	6,56,112
	1,587	6,56,112
Total	26,15,03,939	21,55,03,941

JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 From Government Account.

E. Grant From Government Account

The balance in Grant From Government Account represents Grants 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL STATEMENTS

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 notes 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

Place: Chennai

Date : 24.06.2014

**(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 2013- 2014

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 ₹ 5.00 crores has been released by Government to JBIC Grant Fund-II up to 31.03.2014.

A sum of ₹ 0.08 crores (previous year ₹ 0.38 crores) has been disbursed during the financial year 2013-2014 towards project management consultancy services for implementation of water supply scheme in Trichy Corporation and Thoothukudi Corporation.

9. Accounts and Audit

The Annual Accounts for the financial year 2013-2014 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 2014, 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, 2014 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 : 24.06.2014

JBIC Grant Fund - II
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Fund			
Grant from Government	1	2,70,55,395	76,85,383
Current Liabilities	2	13,483	13,483
Total		2,70,68,878	76,98,866
Application of Fund			
Current Assets	3		
a. Cash and Cash Equivalents		2,70,65,130	76,76,408
b. Other Current Assets		3,748	22,458
Total		2,70,68,878	76,98,866
Notes including Significant Accounting Policies – Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24.06.2014

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	15,760	26,356
On Deposit Accounts	1,80,208	2,15,931
Total	1,95,968	2,42,287
Expenditure		
Management Fee	9,027	42,947
Audit Fee – Statutory Audit	13,483	13,483
Total	22,510	56,430
Excess of Income over Expenditure transferred to Grant from Government	1,73,458	1,85,857
Notes including Significant Accounting Policies – Note 4		

Notes including above form an integral part of Financial Statements

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 : 24.06.2014

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Receipts and Payments Account for the year ended 31.03.2014

Particulars	For the year Ended 31/03/2014	For the year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	2,00,00,000	0
Interest Receipts	2,14,679	2,20,513
Total	2,02,14,679	2,20,513
Payments		
Disbursement to Consultant	8,03,447	38,22,243
Management Fee	9,027	42,947
Audit Fees	13,483	13,483
Total	8,25,957	38,78,673
Surplus / (Deficit) for the year	1,93,88,722	(36,58,160)
Add: Opening Cash and Bank Balance	76,76,408	1,13,34,568
Closing Cash & Bank Balances	2,70,65,130	76,76,408

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 : 24.06.2014

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note – 1		
Grant From Government		
Balance at the beginning of the year	76,85,383	1,13,21,769
Add: Grant assistance received during the year	2,00,00,000	0
Excess of Income over Expenditure carried from Income & Expenditure Account	1,73,458	1,85,857
	2,78,58,841	1,15,07,626
Less: Disbursements to consultants during the year	8,03,446	38,22,243
Total	2,70,55,395	76,85,383
Note – 2		
Current Liabilities		
Audit Fee payable	13,483	13,483
Total	13,483	13,483
Note – 3		
Current Assets		
a. Cash and Cash Equivalents		
i. In Savings Bank Account with Banks	1,65,130	4,72,811
ii. In Deposit Account with Banks	19,00,000	22,03,597
iii. In Public Deposit Account with Banks	2,50,00,000	50,00,000
	2,70,65,130	76,76,408
b. Other Current Assets		
Accrued interest on Deposits	3,748	22,458
	3,748	22,458
Total	2,70,68,877	76,98,866

JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 From Government Account.

E. Grant from Government Account

The balance in Grant From Government Account represents Grants 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL 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 Notes 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

Place: Chennai

Date : 24.06.2014

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

KfW Grant Fund - I

Report on the activities and Annual Accounts of KfW Grant Fund – I for the FY 2013 - 2014

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- Phase-I (SMIF-TN-I) Program assisted by KfW. The total outlay of SMIF-TN-I is Euro 77 Million (about ₹ 500 crores) and the grant allocation to KfW GF I under SMIF-TN-I as per G.O.(Ms) No.45 Municipal Administration & Water Supply Department, dated 27.03.2014 is Euro 16.18 Million (about ₹ 105 crores). The GoTN vide G.O. Ms. No.40, Municipal Administration & Water Supply (MA-II) Department, dated 19.03.2009 has prescribed guidelines for operation and management of KfW Grant Fund-I. The completion period of SMIF-TN-I Program is 31st December 2014.

Further, the GoTN has accorded its Administrative Sanction vide G.O. Ms. No.83, Municipal Administration & Water Supply (MA-II) Department, dated 10.06.2013 for implementation of Sustainable Municipal Infrastructure Financing in Tamil Nadu-Phase-II-Part-1 (SMIF-TN-II-1) Program assisted by KfW. The total outlay of SMIF-TN-II-1 is Euro 80 Million (about ₹ 578 crores) and the grant allocation to KfW GF I under SMIF-TN-II-1 is Euro 40 Million (about ₹ 289 crores). The completion period of SMIF-TN-II-1 Program is 30th June 2018. The GoTN vide G.O.(2D) No.122 Municipal Administration & Water Supply Department, dated 26.11.2013 prescribed guidelines for operation and management of KfW GF-I under SMIF-TN-II-1 Program.

2. Objectives

The KfW Grant Fund - I will be used to assist Urban Local Bodies (ULBs) / Statutory Boards towards providing capital grant to the urban infrastructure projects under SMIF-TN-II-1 with a positive impact on the environment and climate change to improve the capacities of ULBs in order to enable them to plan, manage and operate sustainable infrastructure projects and access financial resources beyond Government grant funds.

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-I Program and SMIF-TN-II-1 Program assisted by KfW. A sum of ₹ 105 crores under SMIF-TN-I Program and ₹ 289 crores under SMIF-TN-II-1 has been 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 criteria for selection, appraisal, sanctioning, procurement, award of contracts, social, environmental and climate change aspects, procedures, guidelines, terms and conditions laid down in the Loan Agreement, Project Agreement and Separate Agreement executed on 19.12.2012 and suggestions / guidelines / procedures prescribed by Government of India will be adhered for implementing SMIF-TN-II-1.

5.2. Eligible Grant Applicants

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

5.3. 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-I Program and SMIF - TN - II - 1 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-I Program and SMIF-TN-II-1 Program. Based on the progress of work, the grant shall be disbursed to ULBs, in one or more installments.

7. Procurement procedures

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

8. Performance

A sum of ₹ 394 crores (₹ 105 crores under SMIF-TN-I Program and ₹ 289 crores under SMIF-TN-II-1 Program) has been allotted as grant, of which a sum of ₹ 135 crores (₹ 105 crores under SMIF-TN-I Program and ₹ 30 crores under SMIF-TN-II-1 Program) has been released by Government to KfW Grant Fund-I.

The funds have been committed for 17 sub-projects under SMIF-TN-I Program and SMIF-TN-II-1 Program, of which capital grant has been sanctioned for 15 sub-projects amounting to ₹ 204.53 crores under KfW Grant Fund-I, of which a sum of ₹ 109.89 crores has been disbursed up to 31.03.2014. The details of funds committed and amount disbursed up to 31.03.2014 are furnished below:

₹ in Crores :

S.No	Name of the ULB	Sector	Sanctioned	Disbursed
1	Erode Corporation	UGSS	62.77	37.01
2	Tirunelveli Corporation	Water Supply	5.96	5.96
3	Tiruchy Corporation	Roads & SWD	5.00	5.00
4	Tiruppur Corporation	Storm Water Drains	9.98	9.98
5	Villupuram Municipality	UGSS	14.15	14.15
6	Panruti Municipality	Roads & SWD	0.75	0.75
7	Tiruvannamalai Municipality	Water Supply	7.00	7.00
8	Kadayanallur Municipality	Water Supply	5.33	5.33
9	Pallipalayam Municipality	Water Supply	3.50	1.50
10	Udhagamandalam Municipality	Water Supply	8.16	4.00
11	Karur Municipality	Water Supply	7.40	3.15
12	Inam Karur Municipality	Water Supply	5.57	2.40
13	Thanthoni Municipality	Water Supply	7.55	4.80
14	Tirunelveli Corporation	Water Supply	46.00	0
15	Chennai Corporation	Street Lights	15.41	8.86
	Total		204.53	109.89

A sum of ₹ 6 crores (previous year ₹ 40 crores) has been released by Government to KfW Grant Fund-I during the financial year 2013-14. A sum of ₹ 12.36 crores (previous year ₹ 20.35 crores) has been disbursed during the financial year 2013-14 based on the progress of the project.

9. Accounts and Audit

The Annual Accounts for the financial year 2013-2014 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 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 2014, 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 in Tamil Nadu (SMIF-TN) program and G.O. Ms. No.83, Municipal Administration & Water Supply (MA-II) Department, dated 10.06.2013 for implementation of Sustainable Municipal Infrastructure Financing in Tamil Nadu-Phase-II-Part-1 (SMIF-TN-II-1) 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 and G.O.(2D) No.122 Municipal Administration & Water Supply Department, dated 26.11.2013}.

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, 2014 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/-
N. Raghu Ram

Partner

Membership No. 210771

Place : Chennai
Date : 24.06.2014

KfW Grant Fund – I
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
Sources of Fund			
Grant from Government	1	24,63,88,424	31,11,47,529
Current Liabilities	2	16,854	16,854
Total		24,64,05,278	31,11,64,383
Application of Funds			
Current Assets	3		
a. Cash and Cash Equivalents		24,64,05,278	31,11,61,162
b. Other Current Assets		0	3,221
Total		24,64,05,278	31,11,64,383
Notes including Significant Accounting Policies – Note 4			

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

Place: Chennai

Date : 24.06.2014

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

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the Year Ended 31/03/2014	For the Year Ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	1,93,245	1,21,665
On Deposit Accounts	53,274	11,79,840
Total	2,46,519	13,01,505
Expenditure		
Management Fee	13,88,770	22,86,526
Audit Fee – Statutory Audit	16,854	16,854
Total	14,05,624	23,03,380
Excess of Expenditure over Income transferred to Grant from Government	(11,59,105)	(10,01,875)
Notes including Significant Accounting Policies - Note 4		

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Receipts & Payments Account for the year ended 31.03.2014

Particulars	For the Year Ended 31/03/2014	For the Year Ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	6,00,00,000	40,00,00,000
Interest Receipts	2,49,740	15,46,292
Total	6,02,49,740	40,15,46,292
Payments		
Disbursement to Urban Local Bodies	12,36,00,000	20,35,00,000
Management Fee	13,88,770	22,86,526
Audit Fees	16,854	13,483
Total	12,50,05,624	20,58,00,009
Surplus / (Deficit) for the year	(6,47,55,884)	19,57,46,283
Add: Opening Cash and Bank Balance	31,11,61,162	11,54,14,879
Closing Cash & Bank Balances	24,64,05,278	31,11,61,162

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant from Government		
Balance at the beginning of the year	31,11,47,529	11,56,49,404
Add :Grant assistance received during the year	6,00,00,000	40,00,00,000
Total	37,11,47,529	51,56,49,404
Less:Disbursement to ULBs during the year	12,36,00,000	20,35,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	11,59,105	10,01,875
Total	24,63,88,424	31,11,47,529
Note-2		
Current Liabilities		
Audit Fee payable	16,854	16,854
Total	16,854	16,854
Note -3		
Current Assets		
a. Cash and Cash Equivalents		
i. In Savings Account with Bank	6,43,278	1,61,162
ii. In Deposit Account with Banks	0	10,00,000
iii. In Public Deposit Account with Bank	24,57,62,000	31,00,00,000
	24,64,05,278	31,11,61,162
b. Other Current Assets		
i. Accrued interest on Deposits	0	3,221
	0	3,221
Total	24,64,05,278	31,11,64,383

KfW Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 and G.O.(2D) No.122 Municipal Administration & Water Supply Department, dated 26.11.2013. 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 from Government Account.

e. Grant from Government Account

The balance in Grant from Government Account represents grants 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL STATEMENTS

a. Nature of Operation

The KfW Grant Fund -I is created by GoTN to assist Urban Local Bodies 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 sub-projects financed under KfW line of credit.

b. Previous year's figures have been regrouped / reclassified wherever necessary.

Signature to Notes 1 to 4

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

Place: Chennai

Date : 24.06.2014

**(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 2013 - 2014

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 2013-14

A sum of ₹ 6.01 crores (previous year ₹ 1.03 crores) has been disbursed to the consultants during the financial year 2013-2014. In total, a sum of ₹ 7.36 crores has been disbursed up to 31.03.2014.

9. Accounts and Audit

The Annual Accounts for the financial year 2013-2014 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 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 2014, 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, 2014 and
- ii) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

For **Ponrai & Co,**
Chartered Accountants
Firm Regn. No.002672S
Sd/-

N.Raghu Ram
Partner

Membership No. 210771

Place : Chennai
Date : 24.06.2014

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
SOURCES OF FUND			
Grant from Government	1	4,30,96,765	1,29,76,801
Current Liabilities	2	13,483	13,483
Total		4,31,10,248	1,29,90,284
Application of Fund			
Current Assets	3		
a. Cash and Cash Equivalents		4,29,54,559	1,24,49,687
b. Other Current Assets		1,55,689	5,40,597
Total		4,31,10,248	1,29,90,284
Notes including Significant Accounting Policies - Note 4			

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year ended 31/03/2014	For the year ended 31/03/2013
	(₹)	
Income		
Interest earned		
On Savings Bank Account	75,833	36,792
On Deposit Accounts	7,62,206	17,75,239
Total	8,38,039	18,12,031
Expenditure		
Management Fee	6,19,670	75,902
Audit Fee – Statutory Audit	13,483	13,483
Total	6,33,153	89,385
Excess of Income over Expenditure transferred to Grant from Government	2,04,886	17,22,646
Notes including Significant Accounting Policies - Note 4		

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants
Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

Place: Chennai

Date : 24.06.2014

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

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)
Receipts & Payments Account for the year ended 31.03.2014

Particulars	For the year ended 31/03/2014	For the year ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	9,00,00,000	0
Interest Receipts	12,22,947	27,39,954
Term Deposit with Companies	0	86,20,800
Total	9,12,22,947	1,13,60,754
Payments		
Disbursement to Consultants	6,00,84,922	1,02,90,191
Management Fee	6,19,670	75,902
Audit Fees	13,483	13,483
Total	6,07,18,075	1,03,79,576
Surplus / (Deficit) for the year	3,05,04,872	9,81,178
Add: Opening Cash and Bank Balance	1,24,49,687	1,14,68,509
Closing Cash & Bank Balances	4,29,54,559	1,24,49,687

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

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 : 24.06.2014

KfW Grant Fund – II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note-1		
Grant Funds		
Balance at the beginning of the year	1,29,76,801	2,15,44,346
Add: Grant assistance received during the year	9,00,00,000	0
Excess of Income over Expenditure carried from Income and Expenditure Account	2,04,886	17,22,646
	10,31,81,687	2,32,66,992
Less: Disbursement to consultants	6,00,84,922	1,02,90,191
Total	4,30,96,765	1,29,76,801
Note - 2		
Current Liabilities		
Audit Fees Payable	13,483	13,483
Total	13,483	13,483
Note - 3		
Current Assets		
a. Cash and Cash Equivalent		
i. In Savings Account with Bank	5,54,559	99,687
ii. In Deposit Account with Banks	76,00,000	1,23,50,000
iii. In Public Deposit Account with Bank	3,48,00,000	0
	4,29,54,559	1,24,49,687
b. Other Current Assets		
i. Accrued interest on Deposits	1,55,689	5,40,597
	1,55,689	5,40,597
Total	4,31,10,248	1,29,90,284

KfW Grant Fund – II
(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 G.O. 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 from Government Account.

E. Grant from Government Account

The balance in Grant from Government Account represents grants received from the GoTN, transfer of balance from Income and Expenditure Account, disbursement of consultancy grant to consultancy assignment & other eligible disbursements, if any.

KfW Grant Fund – II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note - 4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL STATEMENTS

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 Notes 1 to 4

Vide our report of even date attached

For Ponraj & Co.

Chartered Accountants

Firm Regn. No. 002672S

Sd/-

N. Raghu Ram

Partner

Membership No. 210771

Sd/-

Anita Praveen, IAS

Chairperson &

Managing Director

Sd/-

K. Phanindra Reddy, IAS

Director

Place: Chennai

Date : 24.06.2014

(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 2013-14

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. Performance

A sum of ₹ 500.00 crores (previous year ₹ 500.00 crores) has been released by Government of Tamil Nadu to CMCDF during the financial year 2013-2014. A sum of ₹ 476.09 crores (previous year ₹ 172.68 crores) has been disbursed to Chennai Corporation and CMWSSB during the financial year 2013-2014. In total, a sum of ₹ 648.77 crores has been disbursed to Chennai Corporation and CMWSSB up to 31.03.2014.

9. Accounts and Audit

The Annual Accounts for the financial year 2013-14 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 2014, 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, 2014 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 : 24.06.2014

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Balance Sheet As At 31.03.2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
		(₹)	
SOURCES OF FUND			
Grant from Government	1	350,02,25,145	326,15,01,215
Current Liabilities	2	13,483	13,484
Total		350,02,38,628	326,15,14,699
Application of Fund			
Current Assets	3		
a. Cash and Cash Equivalents		350,02,38,628	326,15,14,699
Total		350,02,38,628	326,15,14,699
Notes including Significant Accounting Policies - Note 4			

Notes referred above form an integral part of the Financial Statements

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 : 24/06/2014

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Income and Expenditure Account for the year ended 31.03.2014

Particulars	For the year ended 31/03/2014	For the year ended 31/03/2013
	(₹)	
Income		
Interest earned On Savings Bank Account	26,319	0
Total	26,319	0
Expenditure		
Management Fee	3,42,107	1,16,85,301
Audit Fee – Statutory Audit	13,482	13,484
Total	3,55,589	1,16,98,785
Excess of Expenditure over Income transferred to Grant from Government	(3,29,270)	(1,16,98,785)
Notes including Significant Accounting Policies - Note 4		

Notes referred above form an integral part of the Financial Statements

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 : 24/06/2014

CHENNAI MEGA CITY DEVELOPMENT FUND
(Grant Fund of Government of Tamil Nadu)

Receipts & Payments Account for the year ended 31.03.2014

Particulars	For the year ended 31/03/2014	For the year ended 31/03/2013
	(₹)	
Receipts		
Grant from Government	500,00,00,000	500,00,00,000
Interest Receipts	26,319	0
Total	500,00,26,319	500,00,00,000
Payments		
Disbursement	476,09,46,800	172,68,00,000
Management Fee	3,42,107	1,16,85,301
Audit Fees	13,483	0
Total	4,76,13,02,390	1,73,84,85,301
Surplus / (Deficit) for the year	23,87,23,929	326,15,14,699
Add: Opening Cash and Bank Balance	3,26,15,14,699	0
Closing Cash & Bank Balances	350,02,38,628	326,15,14,699

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 : 24/06/2014

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Particulars	As at 31/03/2014	As at 31/03/2013
	(₹)	
Note - 1		
Grant from Government		
Balance at the beginning of the year	326,15,01,215	0
Add: Grant assistance received during the year	500,00,00,000	500,00,00,000
	826,15,01,215	500,00,00,000
Less: Disbursement during the year	476,09,46,800	172,68,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	3,29,270	1,16,98,785
Total	350,02,25,145	326,15,01,215
Note - 2		
Current Liabilities		
Audit Fees Payable	13,483	13,484
Total	13,483	13,484
Note - 3		
Current Assets		
a. Cash and Cash Equivalents		
i. In Savings Bank Account with Bank	2,38,628	1,14,699
ii. In Public Deposit Account with Bank	350,00,00,000	326,14,00,000
Total	350,02,38,628	326,15,14,699

CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(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 from Government Fund

The balance in Grant from Government Account 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)

Notes forming part of the Financial Statements for the year ended 31.03.2014

Note-4 - Significant Accounting Policies and Notes forming part of Financial Statements

(II) NOTES FORMING PART OF FINANCIAL STATEMENTS

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. Previous Year's figures have been regrouped / reclassified wherever necessary.

Signature to Notes 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 : 24/06/2014

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