

# Annual Report 2014 - 2015

***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 - 600 028.

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, 3<sup>rd</sup> Floor,  
Teynampet, Chennai - 600 018.

Mr. Hari Reddy,  
Deputy General Manager,  
ICICI Bank Limited,  
No.1, Cenotaph Road, 3<sup>rd</sup> Floor,  
Teynampet, Chennai - 600 018.

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, 3<sup>rd</sup> 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. K. Phanindra Reddy, IAS.,  
Principal Secretary to Government,  
MA & WS Department, 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.

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

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

Mr. Dharmendra Pratap Yadav, IAS.,  
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, 3<sup>rd</sup> Floor,  
Teynampet, Chennai - 600 018.

Mr. Hari Reddy,  
Deputy General Manager,  
ICICI Bank Limited,  
No.1, Cenotaph Road, 3<sup>rd</sup> Floor,  
Teynampet, Chennai - 600 018.

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, 3<sup>rd</sup> 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**

No. 19, T.P. Scheme Road, Raja Street Extension,  
Raja Annamalaipuram, Chennai - 600 028.  
Phone : 044-24643103, 24643104, 24643105 Fax: 24613106

# **TAMIL NADU URBAN DEVELOPMENT FUND**

## **Report on the activities of Tamil Nadu Urban Development Fund for the Financial Year 2014 – 2015**

### **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 ₹ 2311.47 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	127.93	127.93
3	Loan under World Bank assisted TNUDP III	646.12	602.60
4	Loan under JICA assisted TNUIP	270.07	218.60
5	Loan under KfW assisted SMIF - TN-I	371.52	317.10
6	Loan under KfW assisted SMIF - TN-II-1	289.08	130.00
7	Loan under KfW assisted SMIF - TN-II-2	407.15	0
	<b>Total</b>	<b>2311.47</b>	<b>1595.83</b>

Of the above, a sum of ₹ 1595.83 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 ₹ 634.12 crores has been disbursed as term loan to the ULBs based on the progress of the projects under TNUDP-III as on 31.03.2015.

##### 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 ₹163.56 crores has been disbursed as term loan to the ULBs based on the progress of the projects under TNUIP up to 31.03.2015.

### **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 31<sup>st</sup> December 2015.

A sum of ₹ 371.52 crores has been disbursed as term loan to the ULBs based on the progress of the projects under SMIF-TN Program up to 31.03.2015.

#### **b. Sustainable Municipal Infrastructure Financing in Tamil Nadu Phase II – Part 1 (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 ₹ 97.24 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 31.03.2015.

#### **c. Sustainable Municipal Infrastructure Financing in Tamil Nadu Phase II – Part 2 (SMIF-TN II-2) Program assisted by KfW, the German funding agency**

The SMIF – TN-II-2 Program with the assistance of KfW was launched in 2014. 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 June 2014 to December 2019.

A sum of ₹ 50.00 crores has been disbursed as term loan to the ULBs based on the progress of the projects under SMIF-TN-II-2 Program up to 31.03.2015.

## 6. PERFORMANCE

### 6.1 Project Loan Approvals

During the financial year 2014-15, term loan of ₹ 89.07 crores has been sanctioned to six urban infrastructure projects. The sector wise financial assistance is as detailed below:

(₹ in Crores)

Sl. No.	Sector	No. of projects	Project Cost	Term Loan Sanctioned
1	Sewerage & Sanitation	2	217.96	38.67
2	Water Supply	3	97.53	29.26
3	Roads & Storm Water Drains	1	35.24	21.14
	<b>Total</b>	<b>6</b>	<b>350.73</b>	<b>89.07</b>

### 6.2 Project Loan Disbursements

During the financial year 2014 - 2015, a sum of ₹ 311.79 crores has been disbursed as term loan as detailed below:

(₹ in Crores)

Sector	Loan amount disbursed	
	2014 - 2015	2013 - 2014
Sewerage & Sanitation	13.60	43.23
Water Supply	230.37	398.24
Roads, Bridges, Storm Water Drains, Street Lights & River Improvement	67.82	122.93
Bus Stations and Office Building	0	1.79
<b>Total</b>	<b>311.79</b>	<b>566.19</b>

### 6.3 Project Loan Recovery

The entire debt service (principal and interest) dues of ₹ 144.39 crores from the ULBs for the financial year 2014-15 have been collected. TNUDF has achieved record 100% collection efficiency continuously for the past eleven financial years. As on 31.03.2015, there are no non-performing assets.

## 7. Accounts and Audit

The Accounts for the financial year 2014-2015 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)

	31.3.15	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	1800.24	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	224.08	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	137.90	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	127.68	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	10.22	6.91	10.75	10.48	4.36	4.50	-	-	-	-	-	-	-	-	-
Provision for Tax- current year	3.85	2.98	3.49	3.24	1.27	1.43	-	-	-	-	-	-	-	-	-
Provision for Tax- prior year	9.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income / surplus after tax transferred to Capital Fund	(2.78)	3.93	7.26	7.24	3.09	3.07	-	-	-	-	-	-	-	-	-
Average Return on Loan lending %	8.62	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 %	10.78	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 %	7.96	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)	89.07	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	311.79	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)	144.39	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	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 2015, 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 2015;
  - 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 2015, and taken on record by the Trustees, none of the Trustees is disqualified as on 31st March 2015, 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 : 22/06/2015

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

**TAMIL NADU URBAN DEVELOPMENT FUND**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015**

	Note No.	As at 31/03/2015	As at 31/03/2014
		(₹)	
<b>SOURCES OF FUNDS</b>			
<b>1 Capital Fund</b>			
a. Contribution by Settlor	<b>1</b>	5,000	5,000
b. Reserves & Surplus	<b>2</b>	24,48,56,716	27,27,00,392
<b>2 Other Funds</b>			
a. Units	<b>3</b>	199,59,69,211	199,59,69,211
b. Loans Borrowed	<b>4</b>	1373,90,89,055	1222,67,64,740
<b>3 Current Liabilities</b>	<b>5</b>	202,20,36,049	154,50,67,602
<b>TOTAL</b>		<b>1800,19,56,031</b>	<b>1604,05,06,945</b>
<b>APPLICATION OF FUNDS</b>			
4 Investments	6	39,26,837	61,81,527
5 Loans Disbursed	7	1542,83,96,903	1268,23,37,676
6 Current Assets	8	256,96,32,291	335,19,87,742
7 Notes including Significant Accounting Policies	11 to 13		
<b>TOTAL</b>		<b>1800,19,56,031</b>	<b>1604,05,06,945</b>

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/-

**Anita Praveen, IAS**

Director

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

**Tamil Nadu Urban Infrastructure Trustee Company Limited**  
**(Trustees)**

Place : Chennai

Date : 22/06/2015

Place : Chennai

Date : 22/06/2015

**TAMIL NADU URBAN DEVELOPMENT FUND**  
**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

	Note No.	For the Year 2014-2015	For the Year 2013-2014
		(₹)	
<b>INCOME</b>			
1 Interest on Loans Disbursed		126,15,80,963	82,05,32,417
2 Interest on Deposits & Savings Bank Accounts		11,68,51,977	25,99,48,277
3 Income from Investments		5,54,139	8,20,368
<b>TOTAL</b>		<b>137,89,87,079</b>	<b>108,13,01,062</b>
<b>EXPENDITURE</b>			
4 Financial Cost	9	119,91,12,633	91,23,18,455
5 Management Fee & other Operating Expenses	10	6,66,95,832	8,14,55,777
6 Provision in respect of Loans Disbursed		1,10,28,350	1,84,33,337
<b>TOTAL</b>		<b>127,68,36,815</b>	<b>101,22,07,569</b>
7 Net income before Tax		10,21,50,264	6,90,93,493
8 Less: Provision for Income Tax			
a) Current Year		3,84,69,410	2,97,50,370
b) Prior Year		9,15,24,530	0
9 Net Income / Surplus after tax transferred to Capital Fund		(2,78,43,676)	3,93,43,123
10 Notes including Significant Accounting Policies	11 to 13		

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/-

**Anita Praveen, IAS**

Director

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

**Tamil Nadu Urban Infrastructure Trustee Company Limited**  
**(Trustees)**

Place : Chennai

Date : 22/06/2015

Place : Chennai

Date : 22/06/2015

**TAMIL NADU URBAN DEVELOPMENT FUND**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

		For the Year Ended 31/03/2015	For the Year Ended 31/03/2014
		(₹)	
<b>A.</b>	<b>Cash flow From Operating Activities</b>		
	Surplus before Tax	10,21,50,264	6,90,93,493
	<i>Operating Surplus before Working Capital Changes</i>	<b>10,21,50,264</b>	<b>6,90,93,493</b>
	Adjustments for changes in :		
	Current Assets	48,98,47,314	23,01,13,005
	Current Liabilities	34,69,74,507	22,08,09,449
	<i>Cash Generated from Operations</i>	<b>93,89,72,085</b>	<b>52,00,15,947</b>
	Less: Tax Paid / Tax Deducted at source	(13,10,47,699)	(3,76,57,746)
	<b>Net Cash from / (Used in) Operating Activities</b>	<b>80,79,24,386</b>	<b>48,23,58,201</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Loans Disbursed (Net)	(274,60,59,227)	(458,99,00,854)
	Investment (Net)	22,54,690	20,01,942
	<b>Net Cash used in Investing Activities</b>	<b>(274,38,04,537)</b>	<b>(458,78,98,912)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Unit	0	0
	Borrowings (Net)	151,23,24,315	198,14,42,606
	<b>Net Cash from Financing Activities</b>	<b>151,23,24,315</b>	<b>198,14,42,606</b>
	<b>Net ( Decrease ) / Increase in Cash &amp; Cash Equivalents ( A + B + C )</b>	<b>(42,35,55,836)</b>	<b>(212,40,98,105)</b>
	<b>Cash and Cash equivalents at the beginning of the Accounting Period</b>	<b>114,38,04,240</b>	<b>326,79,02,345</b>
	<b>Cash and Cash equivalent at the end of the Accounting Period</b>	<b>72,02,48,404</b>	<b>114,38,04,240</b>

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/-

**Anita Praveen, IAS**

Director

**Tamil Nadu Urban Infrastructure Trustee Company Limited  
(Trustees)**

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

Place : Chennai

Date : 22/06/2015

Place : Chennai

Date : 22/06/2015



**TAMIL NADU URBAN DEVELOPMENT FUND**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Details	As at 31/03/2015	As at 31/03/2014
	(₹)	
<b>Note- 1</b>		
<b>Contribution by Settlor</b>		
Initial Settlement Amount	5,000	5,000
<b>Total</b>	<b>5,000</b>	<b>5,000</b>
<b>Note- 2</b>		
<b>Reserves &amp; Surplus</b>		
1 Capital Reserve	2,66,40,789	2,66,40,789
2 Income and Expenditure Account		
Opening balance	24,60,59,603	20,67,16,480
Add / (Less) : Transfer during the year	(2,78,43,676)	3,93,43,123
	<b>21,82,15,927</b>	<b>24,60,59,603</b>
<b>Total</b>	<b>24,48,56,716</b>	<b>27,27,00,392</b>
<b>Note- 3</b>		
<b>Units</b>		
(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
<b>Total</b>	<b>199,59,69,211</b>	<b>199,59,69,211</b>
<b>Note- 4</b>		
<b>Loans Borrowed</b>		
1 Loans under IBRD line of credit		
a. Loans under TNUDP - II	127,93,14,292	138,53,15,549
b. Loans under TNUDP-III	580,27,74,763	589,34,49,191
2 Loans under JICA line of credit	218,60,00,000	143,60,00,000
3 Loans under KfW line of credit		
a. Loans under SMIF-TN	317,10,00,000	271,20,00,000
b. Loans under SMIF-TN-II-1	130,00,00,000	80,00,00,000
<b>Total</b>	<b>1373,90,89,055</b>	<b>1222,67,64,740</b>

**TAMIL NADU URBAN DEVELOPMENT FUND**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Details	As at 31/03/2015	As at 31/03/2014
	(₹)	
<b>Note- 5</b>		
<b>Current Liabilities</b>		
<b>1 Current Liabilities</b>		
a. Expenses payable	2,07,084	2,05,786
b. Amount received in advance from borrowers	20,34,82,406	24,27,13,735
c. Other liabilities to Government of Tamil Nadu	8,71,838	8,71,838
d. Interest accrued but not due on borrowings	69,79,21,262	31,85,10,568
e. Front end fees payable	1,47,93,844	80,00,000
<b>2 Provisions</b>		
a. Provision for tax	25,40,15,615	12,40,21,675
b. Provision for Contingencies (See note 12 d ii)	85,07,44,000	85,07,44,000
<b>Total</b>	<b>202,20,36,049</b>	<b>154,50,67,602</b>
<b>Note- 6</b>		
<b>Investments</b>		
<b>Long Term</b>		
<b>1 12.25% - Non Convertible Redeemable Bonds of ₹ 1 lakh each issued by Corporation of Madurai</b>	<b>39,26,837</b>	<b>61,81,527</b>
<b>Total</b>	<b>39,26,837</b>	<b>61,81,527</b>
<b>Note- 7</b>		
<b>Loans Disbursed</b>		
<b>1 Loans to Urban Infrastructure Projects</b>	<b>1549,03,58,336</b>	<b>1273,32,70,759</b>
Less: Provisions	6,19,61,433	5,09,33,083
<b>Total</b>	<b>1542,83,96,903</b>	<b>1268,23,37,676</b>

**TAMIL NADU URBAN DEVELOPMENT FUND**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Details	As at 31/03/2015	As at 31/03/2014
	(₹)	
<b>Note- 8</b>		
<b>Current Assets</b>		
<b>1 Cash and Cash Equivalents</b>		
a. In Savings Bank Accounts	6,52,48,404	48,04,240
b. In Public Deposit Account	56,00,00,000	49,00,00,000
c. In Deposit Accounts	9,50,00,000	64,90,00,000
<b>2 Current Investments</b>		
a. Term Deposits with Companies	20,00,00,000	71,41,49,530
<b>3 Other Current Assets</b>		
a. Interest accrued on deposits and investments	55,26,297	5,85,67,705
b. Interest accrued on Public Deposit Account	6,52,86,667	10,65,93,333
c. Interest accrued on loans disbursed	36,11,71,170	24,25,20,880
d. Income Tax Paid under protest	88,42,86,608	88,42,86,608
e. Income tax paid in Advance / Tax Deducted at Source	33,31,13,145	20,20,65,446
<b>Total</b>	<b>256,96,32,291</b>	<b>335,19,87,742</b>

Details	For the Year 2014-15	For the Year 2013-14
<b>Note- 9</b>		
<b>Financial Cost</b>		
1 Interest on units	15,96,77,537	15,36,89,630
2 Interest on loans borrowed	103,94,35,096	75,03,09,976
3 Interest on loans against deposits	0	83,18,849
<b>Total</b>	<b>119,91,12,633</b>	<b>91,23,18,455</b>
<b>Note- 10</b>		
<b>Management Fee &amp; Other Operating Expenses</b>		
1 Management Fees	3,33,60,328	5,76,26,370
2 Front End Fees on loans borrowed	3,18,83,844	2,30,98,000
3 Auditors' Remuneration		
- Audit	1,35,000	1,18,314
-Tax Audit	15,000	13,146
4 Other Expenses	13,01,660	5,99,947
<b>Total</b>	<b>6,66,95,832</b>	<b>8,14,55,777</b>

**TAMIL NADU URBAN DEVELOPMENT FUND**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31.03.2015**

**Note - 11 - 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 31.03.2015**

***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.

**Note – 12 - Notes on Accounts**

***a. Capital Fund***

***i. 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.

***ii. 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.

***b. 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 31.03.2015**

**c. 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.

**d. Capital commitments, contingent liabilities and others:**

- i) Term loans pending disbursement against sanction for which funds have been received from the Government, is ₹ 87.80 crores (as on 31<sup>st</sup> March 2014 is ₹ 43.85 crores).
- ii) The Trust has been assessed to income tax, disregarding the stand of the Trust, for the Assessment Years 1997-98 to 2008-09 and demands have been raised by the Income Tax authorities. The Trust has gone on appeal before the appellate authorities against the orders passed by the Assessing Officer (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 Assessing Officer 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 Form No. 8 has been filed for the AY 2006-07 and 2007-08 with Commissioner of Income Tax (Appeals) as the matter is identical to the issues relating to AY 1997-98 to AY 2005-06. 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 Assessing Officer. Considering the above, a sum of ₹ 85,07,44,000/- has been provided for contingencies as of 31 March 2009.
- iii) For the Assessment Year 2011-12, there was a demand of ₹ 9,15,24,530/- by Income tax department. The Trust has gone on appeal against the demand. Provision for the tax demanded has been made and the tax demanded was paid in the subsequent financial year (Financial Year 2014-15).

**e. Expenditure and earnings in Foreign Currency:**

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

**Note – 13 -** Previous year's figures have been regrouped wherever necessary.

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

Chartered Accountants

Firm Registration No. 002494S

Sd/-

**N. Ramaraj**

Partner

Membership No. 22683

Sd/-

**Anita Praveen, IAS**

Director

**Tamil Nadu Urban Infrastructure Trustee Company Limited**  
**(Trustees)**

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

Place : Chennai

Date : 22/06/2015

Place : Chennai

Date : 22/06/2015

# **TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED**

## **DIRECTOR'S REPORT**

### **TO THE MEMBERS,**

Tamil Nadu Urban Infrastructure Trustee Company Limited,

Your Directors have pleasure in submitting their 18th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2015.

### **1. FINANCIAL SUMMARY**

Amount in lakhs

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Total Income	1.01	1.00
Total Expenditure	0.85	0.87
Net Profit before tax	0.16	0.13
Net Profit after tax	0.11	0.09
<b>Net Worth</b>	<b>10.73</b>	<b>10.62</b>

### **2. DIVIDEND**

No Dividend was declared for the current financial year.

### **3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Nil.

### **4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS**

Your Directors are optimistic about company's business and hopeful of better performance with increased revenue in next year. There was no change in the nature of business of company.

### **5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

### **6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The provisions of Section 134(m) of the Companies Act, 2013 regarding disclosure of information regarding 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 2014-15.

### **7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

## **8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

## **9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

## **10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

There were no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

## **11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company. However, due to increased secretarial compliance in view of the implementation of the Companies Act, 2013, your Company engaged the services of a Company Secretary in practice to conduct the secretarial audit and a report is attached as Annexure to this Report.

## **12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

## **13. ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as Annexure to this Report.

## **14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company has conducted four meetings of the Board of Directors during the financial year under review. The meetings are held on 25.06.2014, 23.09.2014, 19.12.2014 and 19.03.2015.

## **15. DIRECTORS RESPONSIBILITY STATEMENT**

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- i. in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- ii. for the financial year ended March 31, 2015, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2015.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv. the annual financial statements have been prepared on a going concern basis.
- v. that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## **16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

## **17. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review.

## **18. DIRECTORS**

Mr. K.Gnanadesikan, IAS has been appointed as Director and Chairman in the place of Mr.Mohan Verghese Chunkath, IAS and Mr.K.Phanindra Reddy, IAS has been appointed as Chairman in the place of Mr. K.Gnanadesikan, IAS.

Mr.Dharmendra Pratap Yadav, IAS has been appointed as Director in the place of Mr.Mohan Pyare, IAS, Mr.Jita Mitra has been appointed as Director in the place of Mr.Hari Reddy. Mrs. Anita Praveen, IAS has been appointed as Director and Mrs. Kakarla Usha, IAS has been appointed as Director in the place of Mrs. Anita Praveen, 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.Mathew Joseph and Mr.L.Krishnan are retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

## **19. DECLARATION OF INDEPENDENT DIRECTORS**

The provisions of Section 149 for appointment of Independent Directors are not applicable to the Company.

## **20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Given the nature of business and size of operations, your Company's internal control system has been designed to provide for :

- Accurate recording of transactions with internal checks and prompt reporting.
- Adherence to applicable Accounting Standards and Policies.
- Compliance with applicable statutes, policies and management policies and procedures.
- Effective use of resources and safeguarding of assets.

Your Company has engaged the services of a firm of Chartered Accountants to carry out the periodical audit. The observations arising out of audit are periodically reviewed and compliance ensured.

## **21. STATUTORY AUDITORS**

The Company in its 17<sup>th</sup> Annual General Meeting held on 18th September 2014 appointed M/s. P.M.M Associates, Chartered Accountants as Statutory Auditors for a period of three years commencing from the financial year 2014-15. The appointment shall be subject to ratification by the members at every annual general meeting to be held during the period. The Board recommend the appointment M/s. P.M.M Associates, Chartered Accountants as Statutory Auditors for the financial year 2015-16, on a remuneration of ₹ 12,000/- (plus service tax as applicable) per annum. They are eligible for re-appointment subject to the approval of the ensuing annual general meeting of the Company.

## **22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

## **23. SHARES**

During the year under review, the Company has undertaken following transactions:

Increase in Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan
Nil	Nil	Nil	Nil	Nil

## **24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

## **25. ACKNOWLEDGEMENTS**

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, Chennai Rivers Restoration Trust, Internal Auditors and Statutory Auditors. Your Directors have pleasure in recording their appreciation of the dedicated services rendered by the employees at all levels

For and on behalf of the  
Board of Directors

Place : Chennai - 600 028  
Date : 07.09.2015

Sd/-  
**Chairman**



**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on 31.03.2015**  
**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the**  
**Company (Management & Administration ) Rules, 2014.**

**I REGISTRATION & OTHER DETAILS:**

- |     |   |  |
|-----|---|--|
| i   | CIN   | U65991TN1996PLC036866  |
| ii  | Registration Date   | 07.11.1996   |
| iii | Name of the Company   | Tamil Nadu Urban Infrastructure Trustee Company Limited  |
| iv  | Category/Sub-category of the Company  | Limited by Shares<br>Indian Non - Government Company   |
| v   | Address of the Registered office<br>& contact details                         | No.19, T.P.Scheme Road, Raja Street Extension,<br>Raja Annamalaipuram, Chennai 600 028. 044-24643103 |
| vi  | Whether listed company  | No   |
| vii | Name, Address & contact details of the<br>Registrar & Transfer Agent, if any. | No   |

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated - Not Applicable

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Financial & Related Services	9971	100%
2			
3			
4			

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

- Not Applicable

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Not Applicable				
2					
3					

#### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF										
b) Central Govt.or State Govt.		49400	49400	49%		49400	49400	49%	0	
c) Bodies Corporates										
d) Bank/FI		51300	51300	51%		51300	51300	51%	0	
e) Any other										
<b>SUB TOTAL:(A) (1)</b>		100700	100700	100%		100700	100700	100%	0	
<b>(2) Foreign</b>										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
<b>SUB TOTAL (A) (2)</b>										
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>		100700	100700	100%		100700	100700	100%	0%	
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>		0	0	0		0	0	0	0	
a) Mutual Funds										
b) Banks/FI										
C) Cenntal govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>SUB TOTAL (B)(1):</b>		0	0	0		0	0	0	0	
<b>(2) Non Institutions</b>										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)										
<b>SUB TOTAL (B)(2):</b>		0	0	0		0	0	0	0	
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		0	0	0		0	0	0	0	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>		100700	100700	100%		100700	100700	100%	0	

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	GOVERNOR OF TAMIL NADU	49000	48.66%	0%	49000	48.66%	0%	0%
2	IL & FS FINANCIAL SERVICES LIMITED	17014	16.90%	0%	17014	16.90%	0%	0%
3	HOUSING DEVELOPMENT FINANCE CORPORATION LTD	15000	14.90%	0%	15000	14.90%	0%	0%
4	ICICI BANK LTD	18986	18.85%	0%	18986	18.85%	0%	0%
5	MR. K.PHANINDRA REDDY	100	0.10%	0%	100	0.10%	0%	0%
6	MR.K.SHANMUGAM	100	0.10%	0%	100	0.10%	0%	0%
7	MR.S.KRISHNAN	100	0.10%	0%	100	0.10%	0%	0%
8	MR.DHARMENDRA PRATAP YADAV	100	0.10%	0%	100	0.10%	0%	0%
9	MR.S.P.CHIDAMBARAM	100	0.10%	0%	100	0.10%	0%	0%
10	MR.HARI REDDY	100	0.10%	0%	100	0.10%	0%	0%
11	MR.L.KRISHNAN	100	0.10%	0%	100	0.10%	0%	0%
	Total	100700	100.00%	0%	100700	100.00%	0%	0%

(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

No Change

Sl. No.	Shareholding at the beginning of the Year	Cumulative Shareholding during the year	
		No of shares	% of total
	At the beginning of the year	-	-
	Date wise increase/decrease in Promoters Shareholding	-	-
	At the end of the year	-	-

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) **Shareholding of Directors & KMP**

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	<b>For Each of the Directors &amp; KMP</b>				
	At the beginning of the year	0	0.00%	0	0.00%
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		-	-	
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00%	0	0.00%

**DIRECTORS SHAREHOLDING**

MR. K.PHANINDRA REDDY	100
MR. K. SHANMUGAM	100
MR. S. KRISHNAN	100
MR. DHARMENDRA PRATAP YADAV	100
MR. S.P. CHIDAMBARAM	100
MR. HARI CHARAN REDDY	100
MR. L. KRISHNAN	100
<b>Total</b>	<b>700</b>

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>	-Nil-	-Nil-	-Nil-	-Nil-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	0	0	0	0
<b>Change in Indebtedness during the financial year</b>				
Additions				
Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	0	0	0	0

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount	
1	<b>Gross salary</b>		0	0	0	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.						
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961						
2	Stock option						
3	Sweat Equity						
4	Commission						
	as % of profit						
	others (specify)						
5	Others, please specify						
	<b>Total (A)</b>	0	0	0	0	0	0
	<b>Ceiling as per the Act</b>						

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount	
1	Independent Directors					
	(a) Fee for attending board committee meetings					
	(b) Commission					
	(c) Others, please specify					
	<b>Total (1)</b>					
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings					
	(b) Commission					
	(c) Others, please specify.					
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>					
	<b>Total Managerial Remuneration</b>	0	0	0	0	0
	<b>Overall Cieling as per the Act.</b>					

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
1	<b>Gross Salary</b>	<b>CEO</b>	<b>Company Secretary</b>	<b>CFO</b>	<b>Total</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	0	0	0	0	0
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961					
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	as % of profit					
	others, specify					
5	Others, please specify					
	<b>Total</b>	0	0	0	0	0

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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

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

## COMPLIANCE CERTIFICATE

CIN : U65991TN1996PLC036866

To

The Members

M/S TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

No. 19, T.P Scheme Road,

Raja Street Extension

Raja Annamalipuram

Chennai - 600028

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, 2013, (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 31<sup>st</sup> March, 2015. 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, 2013 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 2(68) are not applicable to this company.
4. The Board of Directors duly met 4 times, 25-06-2014, 23-09-2014, 19-12-2014 and 19-03-2015 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 31<sup>st</sup> March, 2014 was held on 23<sup>rd</sup> September, 2014, 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 185 of the Act.
9. As there were no instances falling within the purview of Section 188 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
10. The Company has not issued any Duplicate Share Certificate during the financial year.
11. 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 134 of the Act.
12. 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.



13. There was no appointment of Managing Director / Whole time Director during the financial year under review.
14. The Company has not appointed any sole – selling agents during the financial year.
15. 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.
16. 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.
17. The Company has not issued any shares/debentures/other securities during the financial year.
18. The Company has not bought back shares during the financial year.
19. There was no redemption any preference shares /debentures during the financial year.
20. 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.
21. The Company has not invited / accepted any deposits including any unsecured loan or advances falling with in the purview of Section 73 read with the Companies (Acceptance of Deposit) Rules, 2014.
22. The Company has not made any borrowings during the financial year under review.
23. The Company has not made any inter corporate investments or loans as envisaged under Section 186 of the Act.
24. 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.
25. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
26. The Company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
28. The Company has not altered the Articles of Association during the financial year.
29. The Company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.

Place: Chennai  
Date: 15-06-2015

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:-**

8. Form DIR 12 - Filed on 20/06/2014 SRN C06948863
9. Form DIR 12 - Filed on 09/07/2014 SRN C10010890
10. Form MGT 14 - Filed on 17/07/2014 SRN C11059953
11. Form MGT 14 - Filed on 01/08//2014 SRN C13956479
12. Form GNL2 – Filed on 30/09/2014 SRN C23075674
13. Form DIR 12 - Filed on 13/10/2014 SRN C2661217
14. Form 66 - Filed on 09/10/2014 SRN Q34707679
15. Form 23AC & ACA – (31.03.2014) Filed on 13/10/2014 - SRN Q35617596
16. Form 20B – (31.03.2014) Filed on 24/10/2014 - SRN Q39126396
17. Form DIR 12- Filed on 14/01/2015 SRN C39836531

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

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**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 **TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss for the year the ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015; and
- ii. 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, 2015 ("the Order") issued by the Central Government of India in terms of Sub - Section (11) of Section 143 of the Act, we give in the Annexure a Statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and the Statement of Profit and Loss Statement dealt with by this Report are in Agreement with the books of accounts.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and
    - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For **P.M.M. ASSOCIATES**

Chartered Accountants

Firm Registration Number: 002494S

sd/-

**N. Ramaraj**

Partner

Membership No. 22683

Place : Chennai

Date : 22.06.2015

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

## **P.M.M. ASSOCIATES**

Chartered Accountants

### **ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**

#### **THE ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR AUDIT REPORT OF EVEN DATE, WE REPORT THAT:**

- i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme the fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii) The Company is a service company and it does not hold any inventories. Hence, paragraph 3 (ii) of the Order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly clauses 3(iii) (a) and 3(iii)(b) of the Order are not applicable.
- iv) 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 sale of 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 on any continuing failure to correct any major weaknesses in the aforesaid internal control procedures.
- v The Company has not accepted any deposits from the public.
- vi) The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the Company.
- vii) a. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and other material statutory dues as applicable with the appropriate authorities. 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, 2015 for a period of more than six months from the date of becoming payable.
- b. According to the information and explanations given to us, the Company does not have any disputed dues in respect of Sales Tax or Wealth Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax or cess.
- c. The Company does not have any amount in its books which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash loss in the financial year and in the immediately preceding financial year
- ix) The Company does not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) The Company has not taken any term loans during the year.
- xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **P.M.M. ASSOCIATES**

Chartered Accountants

Firm Registration Number: 002494S

Sd/-

**N. Ramaraj**

Partner

Membership No. 22683

Place : Chennai  
Date : 22.06.2015

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

**TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>I. EQUITY AND LIABILITY</b>			
<b>Shareholders Funds</b>			
a. Share Capital	3	10,07,000	10,07,000
b. Reserves & Surplus	4	66,339	55,105
<b>Non Current Liabilities</b>			
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
<b>Current Liabilities</b>			
a. Short Term Borrowings		0	0
b. Trade Payables		0	0
c. Other Current Liabilities	5	12,000	12,000
d. Short Term Provisions		0	0
<b>Total</b>		<b>10,85,339</b>	<b>10,74,105</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
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
<b>2. Current Assets</b>			
a. Current Investments		0	0
b. Inventories		0	0
c. Trade Receivables		0	0
d. Cash and Cash Equivalents	6	9,90,112	9,79,486
e. Short Term Loans and Advances		0	0
f. Other Current Assets	7	95,227	94,619
<b>Total</b>		<b>10,85,339</b>	<b>10,74,105</b>
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

Place : Chennai

Date : 22.06.2015

Sd/-

**Anita Praveen, IAS**

Director

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

**TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

Particulars	Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
		(₹)	
<b>I. Revenue from Operations</b>	8	0	0
<b>II. Other Income</b>		1,00,776	1,00,398
<b>III. Total Revenue (I+II)</b>		<b>1,00,776</b>	<b>1,00,398</b>
<b>IV. Expenses</b>	9		
Employee Benefits		0	0
Finance Cost		0	0
Depreciation and amortization Expenses		0	0
Other Expenses		85,090	87,021
<b>Total Expenses</b>		<b>85,090</b>	<b>87,021</b>
<b>V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)</b>		<b>15,686</b>	<b>13,377</b>
<b>VI. Exceptional Items</b>		<b>0</b>	<b>0</b>
<b>VII. Profit Before Extraordinary Items and Tax (V - VI)</b>		<b>15,686</b>	<b>13,377</b>
<b>VIII. Extraordinary Items</b>		<b>0</b>	<b>0</b>
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>15,686</b>	<b>13,377</b>
<b>X. Tax Expense</b>			
1. Current Tax		4,850	4,200
2. Prior Years Tax		(398)	0
3. Deferred Tax		0	0
<b>XI. Profit for the year from continuing operations (IX - X)</b>		<b>11,234</b>	<b>9,177</b>
<b>XII. Earnings Per Share (Basic &amp; Diluted)</b>	10	<b>0.11</b>	<b>0.09</b>
<b>Notes including Significant Accounting Policies</b>	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

Place : Chennai

Date : 22.06.2015

Sd/-

**Anita Praveen, IAS**

Director

Sd/-

**K. Phanindra Reddy, IAS**

Chairman



**TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

**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 on the basis of the Written Down Value method based on the rates arrived at after considering the useful life specifies in Schedule II of the Companies Act, 2013.

(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 31<sup>ST</sup> MARCH 2015.

### Note 3: Share Capital

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	No. of Shares	In ₹	No. of Shares	In ₹
<b>(a) Authorised</b> Equity shares of ₹ 10 each with voting rights	1,10,000	11,00,000	1,10,000	11,00,000
<b>(b) Issued, Subscribed and Fully paid-up</b> 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
<b>Equity shares with voting rights</b>			
Year ended 31 <sup>st</sup> March, 2015			
- 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 31 <sup>st</sup> 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

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

Class of shares / Name of shareholder	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
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 31<sup>ST</sup> MARCH 2015.

### Note 4: Reserves and Surplus

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
(a) General reserve	0	0
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	55,105	45,928
Add: Profit / (Loss) for the year	11,234	9,177
<b>Total</b>	<b>66,339</b>	<b>55,105</b>

### Note 5: Other Current Liabilities

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
Other payables		
(i) Statutory remittances	0	0
(ii) Contractually reimbursable expenses	12,000	12,000
<b>Total</b>	<b>12,000</b>	<b>12,000</b>

### Note 6: Cash and Cash Equivalents

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
(a) Cash on hand	0	0
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	33,541	24,486
(ii) In deposit accounts	9,56,571	9,55,000
<b>Total</b>	<b>9,90,112</b>	<b>9,79,486</b>

# TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.

### Note 7: Other Current Assets

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
<b>(a) Accruals</b>		
(i) Interest accrued on deposits	67,624	62,074
(ii) Interest accrued on investments	0	0
<b>(b) Others</b>		
(i) Advance tax and TDS (net of provisions)	27,603	32,545
(ii) Term Deposits with Companies	0	0
<b>Total</b>	<b>95,227</b>	<b>94,619</b>

### Note: 8 Other income

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
<b>(a) Interest income</b>		
On Investments(Tax-free)	0	0
On Term Deposits	1,00,239	98,562
<b>(b) Other non-operating income</b>		
Miscellaneous Income	537	1,836
<b>Total</b>	<b>1,00,776</b>	<b>1,00,398</b>

### Note 9: Other Expenses

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
Administrative expenses	51,000	51,000
Printing and stationery	500	990
Filing Fees	6,000	2,400
Legal and professional	12,150	10,000
Payments to auditors: Statutory Audit Fees	12,000	12,000
Office Expenses	3,300	10,631
Bank Charges	140	0
<b>Total</b>	<b>85,090</b>	<b>87,021</b>

# TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.

### Note 10: Additional Information to the Financial Statements

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
<b>10.1 Contingent liabilities and commitments (to the extent not provided for)</b>	0	0
<b>10.2 Amount due to MSME Units</b>	0	0
<b>10.3 Earnings per share</b>		
Profit After Tax	11,234	9,177
Number of Equity Shares	1,00,700	1,00,700
Earning Per Share		
Basic	0.11	0.09
Diluted	0.11	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

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

**For and on behalf of the Board of Directors**

Sd/-

**N.Ramaraj**

Partner

Membership No. 22683

Place : Chennai

Date : 22.06.2015

Sd/-

**Anita Praveen, IAS**

Director

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

# TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

## DIRECTOR'S REPORT

To the Members,

Tamil Nadu Urban Infrastructure Financial Services Limited,

Your Directors have pleasure in submitting their 18th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2015.

### 1. FINANCIAL SUMMARY

(Amount in lakhs)

Particulars	2014-15	2013-14
<b>Income</b>	<b>693.27</b>	<b>993.97</b>
<b>Expenses</b>	<b>394.36</b>	<b>351.47</b>
Profit or Loss before Tax	298.91	642.50
Less: Current Tax	100.00	207.20
Deferred Tax	(10.59)	(4.12)
<b>Profit After Tax</b>	<b>209.50</b>	<b>439.42</b>
<b>Add: Balance as per last Balance Sheet</b>	<b>1800.40</b>	<b>1440.05</b>
Less: Transfer to General Reserve	20.93	43.95
Less: Proposed Dividend	30.02	30.02
Less: Tax on Dividend	6.00	5.10
Surplus carried to Balance Sheet	1952.95	1800.40
<b>Net Profit on income (%)</b>	<b>43.11</b>	<b>44.21</b>
<b>Return on Net worth (%)</b>	<b>9.04</b>	<b>20.50</b>
<b>Earnings per share (%)</b>	<b>20.94</b>	<b>43.91</b>

### 2. DIVIDEND

Considering the net profit during the current financial year, it is proposed to declare dividend @ 30% on paid up equity share capital for the financial year ended 31.3.2015. The dividend (₹ 30.02 lakhs) and dividend tax (₹ 6.00 lakhs) absorbs a sum of ₹ 36.02 lakhs.

### 3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Nil.

**4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS**

Your Directors are optimistic about company's business and hopeful of better performance with increased revenue in next year. There was no change in the nature of business of company.

**5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

**6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The provisions of Section 134(m) of the Companies Act, 2013 regarding disclosure of information regarding 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 2014-15.

**7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

**8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of the Company at its 74th Meeting held on 18th September 2014 has constituted the Corporate Social Responsibility (CSR) Committee and approved the CSR Policy. As part of CSR initiatives, environmental education for sustainable development programs have been conducted for the benefit school children and teachers. These programs are in accordance with Schedule VII of the Companies Act, 2013. A report on CSR activities is attached as Annexure to this Report.

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

There were no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

**11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report are not applicable to the Company. However, due to increased secretarial compliance in view of the implementation of the Companies Act, 2013, your Company engaged the services of a Company Secretary in practice to conduct the secretarial audit and a report is attached as Annexure to this Report.

**12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

**13. ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as Annexure to this Report.

**14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company has conducted four meetings of the Board of Directors during the financial year under review. The meetings are held on 24.06.2014, 18.09.2014, 22.12.2014 and 19.03.2015.

**15. DIRECTORS RESPONSIBILITY STATEMENT**

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- i. in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- ii. for the financial year ended March 31, 2015, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2015.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual financial statements have been prepared on a going concern basis.
- v. that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## **16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

## **17. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review.

## **18. DIRECTORS**

Mr. G. Prakash, IAS, has been appointed as Director in the place of Mr. Chandrakant B Kamble, IAS. Mr. Jita Mitra has been appointed as Director in the place of Mr. Hari Reddy. Mr. A. Senthil Raj has been appointed as Director in the place of Mr. S.P. Chidambaram. Dr. S. Swarna, IAS, CMD, TUFIDCO has been appointed as Director in the place of Mr. K. Ganesan, IAS.

Mr. K. Phanindra Reddy, IAS, has been appointed as Chairman and Managing Director in the place of Mrs. Anita Praveen, IAS. Mrs. Kakarla Usha, IAS has been appointed as Managing Director in the place of Mr. K. Phanindra Reddy, IAS.



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. T. Udhayachandran, IAS and Mr. L. Krishnan are to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

#### **19. DECLARATION OF INDEPENDENT DIRECTORS**

The provisions of Section 149 for appointment of Independent Directors are not applicable to the Company.

#### **20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Given the nature of business and size of operations, your Company's internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting.
- Adherence to applicable Accounting Standards and Policies.
- Compliance with applicable statutes, policies and management policies and procedures.
- Effective use of resources and safeguarding of assets.

Your Company has engaged the services of a firm of Chartered Accountants to carry out the periodical audit. The observations arising out of audit are periodically reviewed and compliance ensured.

#### **21. STATUTORY AUDITORS**

The Company in its 17th Annual General Meeting held on 18th September 2014 appointed M/s. R.K. Kumar & Co., Chartered Accountants as Statutory Auditors for a period of three years commencing from the financial year 2014-15. The appointment shall be subject to ratification by the members at every annual general meeting to be held during the period. The Board recommends the appointment of M/s. R.K. Kumar & Co., Chartered Accountants as Statutory Auditors for the financial year 2015-16, on a remuneration of ₹ 70,000/- (plus service tax as applicable) per annum. They are eligible for re-appointment subject to the approval of the ensuing annual general meeting of the Company.

#### **22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

## 23. SHARES

During the year under review, the Company has undertaken following transactions:

Increase in Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan
Nil	Nil	Nil	Nil	Nil

## 24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

## 25. ACKNOWLEDGEMENTS

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, Chennai Rivers Restoration Trust, Internal Auditors and Statutory Auditors. Your Directors have pleasure in recording their appreciation of the dedicated services rendered by the employees at all levels.

For and on behalf of the Board of Directors

Sd/-

Place : Chennai - 600 028

Date : 07.09.2015

**Chairman**

**Form No. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on 31.03.2015**  
**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company**  
**(Management & Administration ) Rules, 2014.**

**I REGISTRATION & OTHER DETAILS:**

- i CIN U67190TN1996PLC036865
- ii Registration Date 07.11.1996
- iii Name of the Company Tamil Nadu Urban Infrastructure Financial Services Limited
- iv Category/Sub-category of the Company Limited by Shares  
Indian Non - Government Company
- v Address of the Registered office  
& contact details No.19, T.P.Scheme Road, Raja Street Extension,  
Raja Annamalaipuram, Chennai 600 028. 044-24643103
- vi Whether listed company No
- vii Name , Address & contact details of the  
Registrar & Transfer Agent, if any. No

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Financial Related Services Other financial service activities, except insurance and pension funding activities	64990	69%

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

NIL

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% SHARES HELD	APPLICABLE SECTION
1	Not Applicable				
2					
3					

#### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF										
b) Central Govt.or State Govt.		490400	490400	49%		490400	490400	49%	0	
c) Bodies Corporates										
d) Bank/FI		510300	510300	51%		510300	510300	51%	0	
e) Any other										
<b>SUB TOTAL: (A) (1)</b>		1000700	1000700	100%		1000700	1000700	100%	0	
<b>(2) Foreign</b>										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
<b>SUB TOTAL (A) (2)</b>		0	0	0		0	0	0	0	
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>		1000700	1000700	100%		1000700	1000700	100%	0	
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>		0	0	0		0	0	0	0	
a) Mutual Funds										
b) Banks/FI										
c) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>SUB TOTAL (B)(1):</b>		0	0	0		0	0	0	0	
<b>(2) Non Institutions</b>										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)										
<b>SUB TOTAL (B)(2):</b>		0	0	0	0	0	0	0	0	
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		0	0	0	0	0	0	0	0	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>		1000700	1000700	100%		1000700	1000700	100%	0	

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	GOVERNOR OF TAMIL NADU	490000	48.97%	0%	490000	48.97%	0%	0%
2	IL & FS FINANCIAL SERVICES LIMITED	170014	16.99%	0%	170014	16.99%	0%	0%
3	HOUSING DEVELOPMENT FINANCE CORPORATION LTD	150000	14.99%	0%	150000	14.99%	0%	0%
4	ICICI BANK LTD	189986	18.99%	0%	189986	18.99%	0%	0%
5	MR. K.PHANINDRA REDDY	100	0.01%	0%	100	0.01%	0%	0%
6	MR.T.UDHAYACHANDRAN	100	0.01%	0%	100	0.01%	0%	0%
7	MR.G.PRAKASH	100	0.01%	0%	100	0.01%	0%	0%
8	MR. K. GANESAN	100	0.01%	0%	100	0.01%	0%	0%
9	MR. S.P. CHIDAMBARAM	100	0.01%	0%	100	0.01%	0%	0%
10	MR.HARI REDDY	100	0.01%	0%	100	0.01%	0%	0%
11	MR. L.KRISHNAN	100	0.01%	0%	100	0.01%	0%	0%
	Total	1000700	100.00%	0%	1000700	100.00%	0%	0%

(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

No Change

Sl. No.	Shareholding at the beginning of the Year	Cumulative Shareholding during the year	
	No. of Shares	No of shares	% of total
At the beginning of the year	-	-	-
Date wise increase/decrease in Promoters Shareholding	-	-	-
At the end of the year	-	-	-

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the year	0	0.00%	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00%	0	0.00

(v) **Shareholding of Directors & KMP**

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Directors &amp; KMP</b>				
	At the beginning of the year	0	0.00%	0	0.00%
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)		0	0.00%	0 0.00%

**DIRECTORS SHAREHOLDING**

MR. K. PHANINDRA REDDY	100
MR. T. UDHAYACHANDRAN	100
MR. G. PRAKASH	100
MR. K. GANESAN	100
HARI CHARAN REDDY	100
MR. S.P. CHIDAMBARAM	100
MR. L. KRISHNAN	100
Total	700

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>	-nil-	-nil-	-nil-	-nil-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	-nil-	-nil-	-nil-	-nil-
<b>Change in Indebtedness during the financial year</b>				
Additions				
Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	-nil-	-nil-	-nil-	-nil-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Anita Praveen, CMD				Total Amount	
1	<b>Gross salary</b>						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	14,81,376				14,81,376	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961						
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961						
2	Stock option						
3	Sweat Equity						
4	Commission						
	as % of profit						
	others (specify)						
5	Others, please specify						
	<b>Total (A)</b>		14,81,376				14,81,376
	<b>Ceiling as per the Act</b>	23,04,546	23,04,546			23,04,546	23,04,546



**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount	
1	Independent Directors	0	0	0	0	0
	(a) Fee for attending board committee meetings					
	(b) Commission					
	(c) Others, please specify					
	<b>Total (1)</b>	0	0	0	0	0
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings					
	(b) Commission					
	(c) Others, please specify.					
	<b>Total (2)</b>	0	0	0	0	0
	<b>Total (B)=(1+2)</b>	0	0	0	0	0
	<b>Total Managerial Remuneration</b>	0	0	0	0	0
	<b>Overall Ceiling as per the Act.</b>					

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	<b>Gross Salary</b>	<b>Company Secretary</b>			<b>Total</b>
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	3468152			3468152
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	<b>Total</b>	3468152			3468152

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## **REPORT ON CSR ACITIVITES CARRYOUT BY THE COMPANY DURING FINANCIAL YEAR 2014-15:**

### **i. Brief outline of the Company's Corporate Social Responsibility (CSR) Policy**

The objective CSR policy of the company is to encourage protection of environment for sustainable living and promote inclusive growth. The Company's CSR activities will focus on the sectors and issues relating to the following:

- i. Promotion of education, special education, employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects and
- ii. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air, water.

In addition, the Company will respond to the requirements within the purview of the Schedule VII of the Companies Act, 2013.

### **ii. Composition of the CSR Committee**

The CSR Committee of the Board comprising of three Directors viz., Mr. K. Ganesan, IAS, Chairman and Managing Director, TUFIDCO, Mr.K.Phanindra Reddy, IAS, Principal Secretary to Government and Mr. S.P.Chidambaram, ICICI Nominee.

### **iii. CSR Budget**

The Company has committed to spent 2% of the average net profits of the company for the three immediately preceding financial years on CSR programs. The average net profit is ₹ 5.06 crores and accordingly the Company has to spent ₹ 10.12 lakhs during the financial year 2014-15 for CSR activities.

### **iv. CSR Expenditure**

The environmental education programs have been carried in association with Chennai Rivers Restoration Trust (CRRT). The Company in association with CRRT has conducted 27 programs for the benefit of children and teachers. In total, 2267 students and 132 teachers were participated and benefitted through these programs.

A sum of ₹ 5.29 lakhs has been spent during the financial year 2014-15 and the unspent amount of ₹ 4.83 lakhs will be spent during the financial year 2015-16. The details are furnished below:

<b>Sl.No.</b>	<b>CSR Activity or activity identified</b>	<b>Sector in which the project is covered</b>	<b>Locations</b>	<b>Amount spent on the programs</b>	<b>Amount spent: direct or through implementing agency</b>
	Environmental education programme and environmental programme	Ensuing environmental sustainability, ecological balance protection of flora, fauna, animal welfare, agro, forestry, conservation of natural resources and marinating quality of soil, air, water	Chennai, Tamil Nadu	₹ 5.29 lakhs	₹ 5.29 lakhs

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Sd/-  
**Chairman**

Place : Chennai – 600 028  
Date : 07.09.2015

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

22-E, Sri Subah Colony,  
Munuswamy Road, K.K. Nagar,  
Chennai – 600 078.  
Ph: 23661875, 9381035900  
murugantmp@yahoo.co.in

## COMPLIANCE CERTIFICATE

CIN: U67190TN1996PLC036865

To

The Members

M/S. TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

No. 19, T.P. Scheme Road, Raja Street Extension,  
Raja Annamalaipuram, Chennai - 600 028.

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, 2013, (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 2015. 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, 2013, 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 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.
3. The Company being a Public Limited Company, the provisions of Section 2(68) of Companies Act 2013 are not applicable to this Company.
4. The Board of Directors duly met 4 times on 24-06-2014, 18-09-2014, 22-12-2014 and 19-03-2015 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 31<sup>st</sup> March, 2014 was held on 18<sup>th</sup> September 2014 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 constituted Corporate Social Responsibility Committee during the financial Year under view with a Composition of three Directors and the Committee meeting was held on 18 September 2014.
9. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 185 of the Act.
10. As there were no instances falling within the purview of Section 188 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
11. The Company has not issued any Duplicate Share Certificate during the financial year.
12. The Company has:
  - (i) not issued / transferred any shares during the financial year under review.
  - (ii) duly complied with the Declaration and payment of dividend as per section 123 of the Act.
  - (iii) No requirement to transfer any amount to Investor Education and Protection Fund.
  - (iv) duly complied with the requirements of Section 134 of the Act.
13. 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.
14. The Company has appointed a Managing Director during the financial year under review and have duly complied with the requirements of the Act.

15. The Company has not appointed any sole – selling agents during the financial year.
16. 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.
17. 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.
18. The Company has not issued any shares / debentures/other securities during the financial year.
19. The Company has not bought back shares during the financial year.
20. There was no redemption of any preference shares / debentures during the financial year.
21. 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.
22. The Company has not invited / accepted any deposits including any unsecured loan or advances falling with in the purview of Section 73 read with the Companies (Acceptance of Deposit) Rules, 2014.
23. The Company has not made any borrowings during the financial year under review.
24. The Company has not made any inter corporate investments or loans as envisaged under Section 186 of the Act.
25. 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.
26. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
29. The Company has not altered the Articles of Association during the financial year.
30. The Company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.
31. The Company has not received any money as security from its employees during the year.
32. The Company was regular in depositing Provident Fund dues with the relevant Statutory Authorities, but the Company has no PF Trust on its own.

Place : Chennai  
Date : 15-06-2015

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:-**

8. MR1- Filed on 02.07.2014-SRN No. C09055955
9. MGT 14- Filed on 17.07.2014 –SRN No. C11058708
10. MGT14-Filed on 01.08.2014-SRN No. C13955885
11. DIR12-Filed on 06.08.2014- SRN No. C14625933
12. GNL-2 Filed on 26.09.2014-SRN No. C22168660
13. DIR12-Filed on 27.09.2014-SRN No. C22478952
14. MGT 14- Filed on 09.10.2014- SRN No. C25303686
15. Form 23AC&23ACA(31.03.2014)- Filed on 09.10.2014- SRN No. Q34816363
16. Form 66- (31.03.2014)- Filed on 06.10.2014 SRN NO.Q34331645
17. Form 20B (31.03.2014)– Filed on 20.10.2014- SRN No. Q37941093

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

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**INDEPENDENT AUDITORS' REPORT**

**To the Members of**

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Tamilnadu Urban Infrastructure Financial Services Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015; and
- ii. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
- iii. 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, 2015 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure a Statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and the Statement of Profit and Loss Statement dealt with by this Report are in Agreement with the books of accounts.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company does not have any long-term contracts including derivate contracts for which there are any material foreseeable losses; and
    - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For R.K. Kumar & Co.,**

Chartered Accountants

Firm Registration Number: 001595S

Sd/-

**G. Naganathan**

Partner

Membership No. 022456

Place : Chennai

Date : 22-06-2015

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

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**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**

THE ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR AUDIT REPORT OF EVEN DATE, WE REPORT THAT:

- i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme the fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii) The Company is a service company and it does not hold any inventories. Hence, paragraph 3 (ii) of the Order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly clauses 3(iii) (a) and 3(iii)(b) of the Order are not applicable.
- iv) 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 sale of 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 on any continuing failure to correct any major weaknesses in the aforesaid internal control procedures.
- v) The Company has not accepted any deposits from the public.
- vi) The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the Company.
- vii) a. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date of becoming payable.
  - b. According to the information and explanations given to us, the Company does not have any disputed dues in respect of Sales Tax or Wealth Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax or cess.
  - c. The Company does not have any amount in its books which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.



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

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- viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash loss in the financial year and in the immediately preceding financial year
- ix) The Company does not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) The Company has not taken any term loans during the year.
- xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Sd/-

**G. Naganathan**

Partner

Membership No. 022456

Place : Chennai  
Date : 22-06-2015

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>I. EQUITY AND LIABILITY</b>			
<b>Shareholders' Funds</b>			
a. Share Capital	3	1,00,07,000	1,00,07,000
b. Reserves & Surplus	4	22,17,19,462	20,43,71,390
<b>Non Current Liabilities</b>			
a. Long Term Borrowings		0	0
b. Other Long Term Liabilities		0	0
c. Long Term Provisions	5	46,70,443	35,26,486
<b>Current Liabilities</b>			
a. Short Term Borrowings		0	0
b. Trade Payables		0	0
c. Other Current Liabilities	6	54,33,239	48,80,237
d. Short Term Provisions	7	38,29,448	42,35,005
<b>Total</b>		<b>24,56,59,592</b>	<b>22,70,20,118</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
<b>a. Fixed Assets (Net Block)</b>			
i. Tangible Assets	8	1,820,725	39,52,793
ii. Intangible Assets		0	0
iii. Capital work in progress		33,54,533	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	23,85,453	13,26,087
d. Long-term Loans and Advances		0	0
e. Other Non-current Assets		0	0
<b>2. Current Assets</b>			
a. Current Investments	10	17,96,01,405	14,66,84,082
b. Inventories		0	0
c. Trade Receivables	11	4,07,142	10,98,618
d. Cash and Cash Equivalents	12	1,72,47,652	3,59,66,686
e. Short Term Loans and Advances	13	17,79,551	16,36,916
f. Other Current Assets	14	71,63,131	44,54,936
<b>Total</b>		<b>24,56,59,592</b>	<b>22,70,20,118</b>
<b>Notes including Significant Accounting Policies</b>	<b>1 to 20</b>		

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

**For and on behalf of the Board of Directors**

Sd/-

**G. Naganathan**

Partner

Membership No. 022456

Sd/-

**K. Phanindra Reddy, IAS**

Director

Sd/-

**Anita Praveen, IAS**

Chairperson & Managing Director

Sd/-

**A. Jayaraman**

Senior Vice President & Company Secretary

Place : Chennai

Date : 22.06.2015

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015**

Particulars	Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
		(₹)	
<b>I. Revenue from Operations</b>	15	4,80,59,985	8,12,86,022
<b>II. Other Income</b>	16	2,12,66,806	1,81,11,589
<b>III. Total Revenue (I+II)</b>		<b>6,93,26,791</b>	<b>9,93,97,611</b>
<b>IV. Expenses</b>			
Employee Benefits	17	2,67,70,595	2,47,33,729
Finance Cost		0	0
Depreciation and amortization Expenses	8	27,74,091	10,56,485
Other Expenses	18	98,91,056	93,57,150
<b>Total Expenses</b>		<b>3,94,35,742</b>	<b>3,51,47,364</b>
<b>V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)</b>		<b>2,98,91,049</b>	<b>6,42,50,247</b>
<b>VI. Exceptional Items</b>		<b>0</b>	<b>0</b>
<b>VII. Profit Before Extraordinary Items and Tax (V - VI)</b>		<b>2,98,91,049</b>	<b>6,42,50,247</b>
<b>VIII. Extraordinary Items</b>		<b>0</b>	<b>0</b>
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>2,98,91,049</b>	<b>6,42,50,247</b>
<b>X. Tax Expense</b>			
1. Current Tax		1,00,00,000	2,07,00,000
2. Prior Years Tax		0	20,661
3. Deferred Tax	19.7	(10,59,366)	(4,12,069)
<b>XI. Profit for the year from continuing operations (IX-X)</b>		<b>2,09,50,415</b>	<b>4,39,41,655</b>
<b>XII. Earnings Per Share (Basic &amp; Diluted)</b>	19.6	<b>20.94</b>	<b>43.91</b>
<b>Notes including Significant Accounting Policies</b>	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

**For and on behalf of the Board of Directors**

Sd/-

**G. Naganathan**

Partner

Membership No. 022456

Sd/-

**K. Phanindra Reddy, IAS**

Director

Sd/-

**Anita Praveen, IAS**

Chairperson & Managing Director

Sd/-

**A. Jayaraman**

Senior Vice President & Company Secretary

Place : Chennai

Date : 22.06.2015

# TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>A. Cash flow From Operating Activities</b>		
Profit before Tax	2,98,91,049	6,42,50,247
Add: Depreciation	27,74,091	10,56,485
Loss / (Profit) on sale of Fixed Assets	15,070	(43,394)
Add: Dividend Paid	35,12,307	35,12,307
Less: Interest Received	(2,12,65,239)	(1,80,66,815)
<b>Operating Profit before Working Capital Changes</b>	<b>1,49,27,278</b>	<b>5,07,08,830</b>
Adjustments for		
(Increase) / Decrease in Current Assets	12,44,252	95,24,953
Increase / (Decrease) in Current Liabilities	(23,10,941)	(1,24,89,082)
<b>Cash Generated from Operations</b>	<b>1,38,60,589</b>	<b>4,77,44,701</b>
Less: Income Tax paid	(1,32,65,350)	(1,95,18,852)
<b>Net Cash from Operating Activities (A)</b>	<b>5,95,239</b>	<b>2,82,25,849</b>
<b>B. Cash flow from Investing Activities</b>		
Interest Received	2,12,65,239	1,80,66,815
Sale of Assets	20,500	2,30,250
Purchase of assets	(40,32,126)	(14,15,271)
Less: Increase in Deposits and Loans & Advances	(3,30,55,579)	(11,79,58,109)
<b>Net Cash From Investing Activities (B)</b>	<b>(1,58,01,966)</b>	<b>(10,10,76,315)</b>
<b>C. Cash Flow from Financing Activities</b>		
Dividend & Dividend Tax Paid	(35,12,307)	(35,12,307)
<b>Net Cash from Financing Activities (C)</b>	<b>(35,12,307)</b>	<b>(35,12,307)</b>
<b>D. Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,87,19,034)</b>	<b>(7,63,62,773)</b>
Cash and Cash equivalents at the beginning of the Accounting period	3,59,66,686	11,23,29,459
<b>Cash and Cash equivalent at the end of the Accounting period</b>	<b>1,72,47,652</b>	<b>3,59,66,686</b>
<b>Notes including Significant Accounting Policies 1 to 20</b>		

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

**For and on behalf of the Board of Directors**

Sd/-

**G. Naganathan**

Partner

Membership No. 022456

Sd/-

**K. Phanindra Reddy, IAS**

Director

Sd/-

**Anita Praveen, IAS**

Chairperson & Managing Director

Sd/-

**A. Jayaraman**

Senior Vice President & Company Secretary

Place : Chennai

Date : 22.06.2015

# **TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

### **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, 2013.

#### **(b) Fixed Assets**

Fixed Assets are stated at actual cost less accumulated depreciation and impairment loss, if any. 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 on the basis of the Written Down Value method based on the rates arrived at after considering the useful life specifies in Schedule II of the Companies Act, 2013.

#### **(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 31<sup>ST</sup> MARCH 2015.**

### 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 2015.

### Note 3: Share Capital

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	No. of Shares	In ₹	No. of Shares	In ₹
<b>(a) Authorised</b> Equity shares of ₹10 each with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
<b>(b) Issued, Subscribed and Fully paid-up</b> Equity shares of ₹10 each with voting rights	10,00,700	1,00,07,000	10,00,700	1,00,07,000

### (c) Equity Reconciliation

Particulars	Opening Balance as on 01.04.2014	Fresh issue	Closing Balance as on 31.03.2015
<b>Equity shares with voting rights</b>			
Year ended 31st March, 2015			
- 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, 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

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

Class of shares / Name of shareholder	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
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 Finance Corporation Ltd	150000	14.99%	150000	14.99%

# TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.

Particulars	As at 31st March, 2015	As at 31st March, 2014
	(₹)	
<b>Note 4: Reserves and Surplus</b>		
(a) General reserve		
Opening balance	2,43,31,667	1,99,36,667
Add: Transferred from surplus in Statement of Profit and Loss	20,93,000	43,95,000
<b>Closing balance (a)</b>	<b>2,64,24,667</b>	<b>2,43,31,667</b>
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	18,00,39,723	14,40,05,375
Add: Profit / (Loss) for the year	2,09,50,415	4,39,41,655
	20,09,90,138	18,79,47,030
Less:		
Dividends proposed to be distributed to Equity Shareholders ( ₹3 per share)	30,02,100	30,02,100
Tax on dividend	6,00,243	5,10,207
Transferred to General reserve	20,93,000	43,95,000
<b>Closing balance (b)</b>	<b>19,52,94,795</b>	<b>18,00,39,723</b>
<b>Total (a + b)</b>	<b>22,17,19,462</b>	<b>20,43,71,390</b>
<b>Note 5: Long Term Provisions</b>		
Provision for employee benefits:		
Provision for earned leave	46,70,443	35,26,486
<b>Total</b>	<b>46,70,443</b>	<b>35,26,486</b>
<b>Note 6: Other Current Liabilities</b>		
Other payables		
(i) Statutory remittances	1,004	984
(ii) Contractually reimbursable expenses	54,32,235	48,79,253
(iii) Others	0	0
<b>Total</b>	<b>54,33,239</b>	<b>48,80,237</b>
<b>Note 7: Short-term Provisions</b>		
(a) Provision for employee benefits		
(i) Provision for earned leave	2,27,105	1,69,923
(ii) Others	0	0
(b) Provision - Others:		
(i) Provision for income tax (Net off prepaid taxes)	0	5,52,775
(ii) Provision for proposed equity dividend	30,02,100	30,02,100
(iii) Provision for tax on proposed dividend	6,00,243	5,10,207
(iv) Provision - others	0	0
<b>Total</b>	<b>38,29,448</b>	<b>42,35,005</b>



**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**Note 8: Fixed Assets**

(Amount in ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2014	Additions	Deductions	As at 01.04.2015	As at 01.04.2014	For the Year	Deductions	As at 31.03.2015	As at 31.03.2015	As at 01.04.2014
Computer Equipments & Software	31,88,537	3,49,860	4,42,463	30,95,934	22,29,820	8,50,046	4,06,893	26,72,973	4,22,961	9,58,717
Office Equipment	19,27,024	1,76,000	0	21,03,024	11,66,540	7,54,428	0	19,20,968	1,82,056	7,60,484
Furniture & Fixtures	18,90,239	1,51,733	0	20,41,972	15,06,846	2,64,886	0	17,71,732	2,70,240	3,83,393
Vehicles	34,90,356	0	0	34,90,356	16,40,157	9,04,731	0	25,44,888	9,45,468	18,50,199
<b>Total</b>	<b>1,04,96,156</b>	<b>6,77,593</b>	<b>4,42,463</b>	<b>1,07,31,286</b>	<b>65,43,363</b>	<b>27,74,091</b>	<b>4,06,893</b>	<b>89,10,561</b>	<b>18,20,725</b>	<b>39,52,793</b>

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	Unquoted	Unquoted
	(₹)	
<b>Note 9: Non-current Investments</b> 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
<b>Total</b>	<b>3,19,00,000</b>	<b>3,19,00,000</b>
<b>Note 10: Current Investments</b> Deposit with companies	17,96,01,405	14,66,84,082
<b>Total</b>	<b>17,96,01,405</b>	<b>14,66,84,082</b>
<b>Note 11: Trade Receivables</b> Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good Other Trade receivables Unsecured, considered good	1,03,770 3,03,372	6,76,407 4,22,211
<b>Total</b>	<b>4,07,142</b>	<b>10,98,618</b>
<b>Note 12: Cash and Cash Equivalents</b> (a) Cash on hand (b) Cheques, drafts on hand (c) Balances with banks (i) In current accounts (ii) In deposit accounts	0 0 32,35,652 1,40,12,000	0 0 59,66,686 3,00,00,000
<b>Total</b>	<b>1,72,47,652</b>	<b>3,59,66,686</b>

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	(₹)	
<b>Note 13: Short-term Loans and Advances</b>		
(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	16,750
(c) Loans and advances to employees - 'Unsecured, considered good'		
Festival Advance	3,11,635	1,60,665
Travelling and other advances	2,52,942	2,000
(d) Prepaid expenses - 'Unsecured, considered good'	4,88,020	7,50,641
(e) Others - 'Unsecured, considered good'	3,344	0
<b>Total</b>	<b>17,79,551</b>	<b>16,36,916</b>
<b>Note 14: Other Current Assets</b>		
(a) Accruals		
(i) Interest accrued on deposits	31,13,379	31,17,758
(ii) Interest accrued on investments	13,37,178	13,37,178
(b) Others		
Advance tax and TDS (net of provisions)	27,12,574	0
<b>Total</b>	<b>71,63,131</b>	<b>44,54,936</b>
<b>Note 15: Revenue from Operations</b>		
<b>Sale of Services - Revenue from Operations</b>		
Appraisal fees	1,88,86,303	5,01,75,119
Supervision & recovery fees	2,74,13,914	2,46,18,084
Treasury Management Fees	83,413	2,12,656
Professional fees	16,76,355	62,80,163
Service tax collected	59,74,597	1,01,20,965
	<b>5,40,34,582</b>	<b>9,14,06,987</b>
Less: Service tax paid	59,74,597	1,01,20,965
<b>Total</b>	<b>4,80,59,985</b>	<b>8,12,86,022</b>

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	(₹)	
<b>Note 16: Other Income</b>		
<b>(a) Interest Income</b>		
On Investments(Tax-free)	23,92,500	23,92,500
On Term Deposits	1,88,72,739	1,56,74,315
<b>(b) Other non-operating income</b>		
Profit on sale of Fixed Assets	0	43,394
Miscellaneous Income	1,567	1,380
<b>Total</b>	<b>2,12,66,806</b>	<b>1,81,11,589</b>
<b>Note 17: Employee Benefits</b>		
Salaries and wages	2,28,88,265	2,13,38,647
Contributions to provident and other funds	30,08,169	25,62,605
Staff welfare expenses	8,74,161	8,32,477
<b>Total</b>	<b>2,67,70,595</b>	<b>2,47,33,729</b>
<b>Note 18: Other Expenses</b>		
Rent	15,97,260	15,15,025
Electricity	4,78,542	4,49,188
Repairs and maintenance - Others	2,17,239	2,05,924
Insurance	1,45,769	1,30,888
Rates and taxes	29,849	33,633
Communication	5,45,017	5,34,289
Travelling and conveyance	37,09,213	38,35,124
Printing and stationery	3,06,657	3,03,371
Legal and professional charges	4,63,544	8,45,303
Payments to auditors - Audit fees	70,000	65,000
- Tax audit fees	15,000	15,000
Office Expenses	13,35,254	10,45,012
Advertisement	29,088	0
Security Charges	1,78,920	1,55,520
Loss on fixed assets sold/ scrapped / written off	15,070	0
Miscellaneous expenses	2,25,868	2,23,873
CSR Expenses	5,28,766	0
<b>Total</b>	<b>98,91,056</b>	<b>93,57,150</b>

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

**Note 19: Additional information to the financial statements**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	(₹)	
<b>19.1 Contingent liabilities and commitments (to the extent not provided for)</b>	0	0
<b>19.2 Amount due to MSME Units</b>	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

₹ In lakhs

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Present Value of Obligations – opening balance	31.12	23.99
Interest Cost	2.49	1.92
Current Service Cost	3.81	2.21
Benefits paid	0	0
Actuarial (gain)/loss on obligations	(1.68)	3.00
Present Value of Obligations – closing balance	35.73	31.12

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015.**

Changes in fair value of plan assets

(₹ In lakhs)

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Fair Value of plan assets - opening balance	35.93	25.82
Expected return on plan assets	2.86	2.61
Contributions	0	7.50
Benefits Paid	0	0
Actuarial (gain)/loss on plan assets	0	Nil
Fair value of plan assets - closing balance	38.79	35.93

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

(₹ In lakhs)

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Present Value of Obligations as at the end of the year	35.73	31.12
Fair value of plan assets at the end of the year	38.79	35.93
Liability recognized in the Balance Sheet	3.05	4.81

Principal Assumptions used in determining post-employment benefit

(₹ In lakhs)

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Discount Rate	8.00%	8.00%
Salary Escalation	7.00%	8.00%
Expected return on plan assets	8.00%	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 2015.**

**19.6: Earnings Per Share**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	(₹)	
Profit After Tax	2,09,50,415	4,39,41,655
Number of Equity Shares	1000700	1000700
Earning Per Share		
Basic	20.94	43.91
Diluted	20.94	43.91

**19.7: Deferred Tax**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	(₹)	
<b>Deferred tax arising out of -</b>		
(i) Depreciation	7,96,444	2,54,496
(ii) Employee Benefits	15,89,009	10,71,591
	<b>23,85,453</b>	<b>13,26,087</b>

  

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	(₹)	
<b>19.8 Expenditure in foreign currency</b>	<b>0</b>	<b>0</b>
<b>19.9 Earnings in foreign currency</b>	<b>0</b>	<b>0</b>

**Note 20: Previous year's figures**

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

**For and on behalf of the Board of Directors**

Sd/-  
**G. Naganathan**  
Partner  
Membership No. 022456

Sd/-  
**K. Phanindra Reddy, IAS**  
Director

Sd/-  
**Anita Praveen, IAS**  
Chairperson & Managing Director

Sd/-  
**A. Jayaraman**  
Senior Vice President & Company Secretary

Place : Chennai  
Date : 22.06.2015

# **WATER AND SANITATION POOLED FUND**

## **Activity Report for the financial year 2014-15**

### **1. Background**

Water and Sanitation Pooled Fund (WSPF), a Trust managed by Government of Tamil Nadu, has been created in the year 2002 to mobilize resources from the capital market on pooled finance frame work 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:**

- (a) Mobilize resources for urban infrastructure projects under pooled finance framework,
- (b) Provide financial assistance for implementation of urban infrastructure projects,
- (c) Enable Urban Local Bodies to access debt finance from the Capital market and
- (d) 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 Principal Secretary to the Government, MA & WS Department. The Board of Trustees comprises of officials of Government of Tamil Nadu as detailed below:

Principal Secretary to the Government, MA & WS Department	Chairman
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, TNUISL	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

A sum of Rs. 222.30 crores 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 31.03.2015 (₹ in crores)	3.84	5.36	83.19	51.00	51.00

The outstanding bond balance as on 31.03.2015 is ₹ 194.39 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 31.03.2015 is ₹ 40.23 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 31.03.2015 is ₹ 1.44 crores. The debt service of loans borrowed by WSPF is provided by Government of Tamil Nadu through budgetary allocation, every year.

### **iv. Loan availed from HUDCO**

The Government vide G.O. (Ms) No.58 MA & WS (WS1) Department, dated 16.05.2014 issued orders to avail loan of Rs.300 crores from HUDCO with Government guarantee for on lending the same to the 12 beneficiary ULBs for implementation of Vellore CWSIS. The loan agreement for availing the loan assistance from HUDCO was executed on 30<sup>th</sup> July, 2014. The Government Guarantee Agreement for ₹ 300 crores has been executed on 29.09.2014. Based on the progress of the project, a sum of ₹ 98.83 crores (₹ 48.83 crores on 24.11.2014 and ₹ 50 crores on 02.02.2015) has been availed from HUDCO and disbursed to 12 beneficiary ULBs. The balance loan amount will be availed from HUDCO based on the progress of the project. The balance outstanding as on 31.03.2015 is ₹ 98.83 crores.

### **v. Mobilization of taxable pooled bonds of ₹ 80 crores under KfW SMIF-TN-II-part-2 Program**

The Board of Trustees of WSPF in its 47<sup>th</sup> Meeting held on 23.09.2014 has approved the proposal of mobilizing taxable pooled bonds of ₹ 80 crores by utilizing euro 5.75 mn (including Euro 0.75 mn available under SMIF-TN programe) subordinate loan from KfW, subject to the approval of the Government. A proposal has been sent to GoTN on 08.10.14 requesting orders of the Government for approving taxable pooled bond issue of ₹ 80 crores by WSPF, the structure along with the proposed terms of bond issue, transfer from Grant Fund-I, interception of SFCD and irrevocable & unconditional Government of Tamil Nadu Guarantee for the proposed issue and other terms. The bonds will be mobilized on receipt of orders from the Government.

### **5. Accounts and Audit**

The Accounts for the financial year 2014-15 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.

## **INDEPENDENT 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, 2015, the Receipts and Payments Account and Income & Expenditure Account for the year ended on that date annexed thereto, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of Water and Sanitation Pooled Fund for the year ended March 31, 2015 are prepared, in all material respects, in accordance with the Indian Trusts Act, 1882.

**For R.K.Kumar and Co.**

Chartered Accountants

Firm's Registration Number: 001595S

Sd/-

**G. Naganathan**

Partner

Place : Chennai

Date : 22.06.2015

Membership Number: 022456

## WATER AND SANITATION POOLED FUND

(Trust managed by Government of Tamil Nadu)

### BALANCE SHEET AS AT 31.03.2015

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>SOURCES OF FUNDS</b>			
<b>1. Capital Fund</b>			
Contribution by Settler		10,000	10,000
<b>2. Other Funds</b>			
a. Government Grant Account	1	132,62,96,421	114,86,61,828
b. Loans Borrowed	2	399,89,07,822	311,99,62,627
3. Current Liabilities	3	15,91,48,437	16,90,91,187
<b>Total</b>		<b>548,43,62,680</b>	<b>443,77,25,642</b>
<b>APPLICATION OF FUNDS</b>			
4. Loans Disbursed	4	370,68,87,691	297,89,38,028
5. Current Assets	5	177,74,74,989	145,87,87,614
<b>Total</b>		<b>548,43,62,680</b>	<b>443,77,25,642</b>
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 Reg. No.001595S

**For Water and Sanitation Pooled Fund**

Sd/-

**G. Naganathan**

Partner

Membership No.022456

Sd/-

**Anita Praveen, IAS**

Member Secretary

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

Place : Chennai

Date : 22.06.2015

## WATER AND SANITATION POOLED FUND

(Trust managed by Government of Tamil Nadu)

### Income and Expenditure Account for the year ended 31.03.2015

Particulars	Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
		(₹)	
<b>INCOME</b>			
1. Interest on Loans Disbursed	6	23,88,57,597	21,42,26,187
2. Other Income	7	1,55,60,130	70,18,887
<b>Total</b>		<b>25,44,17,727</b>	<b>22,12,45,074</b>
<b>EXPENDITURE</b>			
3. Interest on Loans Borrowed	8	23,88,57,597	21,42,26,187
4. Other Expenses	9	1,55,60,130	70,18,887
<b>Total</b>		<b>25,44,17,727</b>	<b>22,12,45,074</b>
5. Excess of Income over Expenditure		0	0
6. Excess of Income over Expenditure brought forward from the previous year		0	0
7. Balance in the Income over expenditure carried forwards 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 Reg. No.001595S

**For Water and Sanitation Pooled Fund**

Sd/-

**G. Naganathan**

Partner

Membership No.022456

Sd/-

**Anita Praveen, IAS**

Member Secretary

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

Place : Chennai

Date : 22.06.2015

## WATER AND SANITATION POOLED FUND

(Trust managed by Government of Tamil Nadu)

### Receipts and Payments Account for the year ended 31.03.2015

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Opening balances:</b>		
-Cash on hand	0	0
-Balance in Savings Bank Accounts with Banks	1,02,69,985	1,56,55,408
-Balance in Public Deposit Accounts with Banks	2,50,00,000	32,50,00,000
-Balance in Term Deposit Accounts with Banks	73,91,66,098	85,49,26,506
<b>Total (A)</b>	<b>77,44,36,083</b>	<b>119,55,81,914</b>
<b>Receipts:</b>		
Loan Installment Received - Principal	17,72,02,199	9,24,01,197
Loan Installment Received - Interest	15,83,63,179	16,13,89,049
Grant from Government of Tamil Nadu	4,40,17,050	4,37,88,390
Grant from Grant Fund I for expenses	28,24,407	29,18,450
Grant from KfW Grant Fund II for expenses	32,675	42,16,508
Interest on Deposits	13,45,70,619	10,45,96,421
Interest on PD Account	1,30,00,000	1,30,00,000
EMD received from Underwriters	0	90,00,000
Loan from HUDCO	98,83,00,000	0
NRCP / NLCP Loan	0	1,72,72,500
Proceeds of 8.71% Taxable Bonds Issue	0	51,00,00,000
<b>Total (B)</b>	<b>151,83,10,129</b>	<b>95,85,82,515</b>
<b>Total (A)+(B)</b>	<b>229,27,46,212</b>	<b>215,41,64,429</b>
<b>Payments:</b>		
Redemption of Bonds	2,62,06,667	12,86,667
Interest on Bonds	16,71,30,859	14,21,60,535
Expenses paid out of Grant from Grant Fund I	28,24,407	29,15,340
Expenses paid out of Grant from KfW Grant Fund II	32,675	41,71,823
HUDCO Loan interest	1,79,49,434	0
Deposit with Financial Institutions	23,99,64,801	40,82,15,900
Interest on PD account	1,30,00,000	1,30,00,000
Interest on Subordinated Loan (KfW)	46,87,500	39,49,469
EMD refunded to Underwriters	0	90,00,000
Loans Disbursed to ULBs	98,83,00,000	78,79,49,505
Other Expenses paid	1,55,60,130	70,79,107
<b>Total (C)</b>	<b>147,56,56,473</b>	<b>137,97,28,346</b>

## WATER AND SANITATION POOLED FUND

(Trust managed by Government of Tamil Nadu)

### Receipts and Payments Account for the year ended 31.03.2015

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Closing balances: Cash &amp; Cash Equivalents</b>		
-Cash on hand	0	0
-Balance in Savings Bank Accounts with Banks	60,69,366	1,02,69,985
-Balance in Public Deposit Accounts with Banks	2,50,00,000	2,50,00,000
-Balance in Term Deposit Accounts with Banks	78,60,20,373	73,91,66,098
<b>Total (D ) (A+B-C)</b>	<b>81,70,89,739</b>	<b>77,44,36,083</b>

As per our report of even date attached

**For R.K. Kumar & Co.**

Chartered Accountants

Firm Reg. No.001595S

**For Water and Sanitation Pooled Fund**

Sd/-

**G. Naganathan**

Partner

Membership No.022456

Sd/-

**Anita Praveen, IAS**

Member Secretary

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

Place : Chennai

Date : 22.06.2015

## WATER AND SANITATION POOLED FUND

(Trust managed by Government of Tamil Nadu)

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note 1: Government Grant Account</b>		
Government of Tamil Nadu Grant Account	52,46,22,530	42,68,62,186
Cash Collateral for bond issue	27,15,19,492	24,38,64,661
Bond Service Fund	18,53,82,141	16,70,78,279
Credit Rating Enhancement Fund	34,17,62,303	30,54,09,642
Project Development Grant	30,09,955	54,47,060
<b>Total</b>	<b>132,62,96,421</b>	<b>114,86,61,828</b>
<b>Note 2: Loans Borrowed</b>		
9.20% 15 year Taxable Non- Convertible Redeemable Bonds	3,84,19,997	5,12,26,664
7.25% 10 year Tax Free Pooled Finance Development Bonds	5,36,00,000	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	51,00,00,000
Subordinated Loan (KfW)	65,00,00,000	65,00,00,000
Loan from HUDCO	98,83,00,000	0
NRCP / NLCP Loan	41,66,87,825	49,98,35,963
<b>Total</b>	<b>399,89,07,822</b>	<b>311,99,62,627</b>
<b>Note 3: Current Liabilities</b>		
Interest payable on bonds	11,35,11,883	11,14,91,263
Interest payable on HUDCO loan	90,23,314	0
Interest payable on Subordinated Loan (KfW)	57,08,333	1,77,08,333
Interest payable on NRCP / NLCP Loan	81,49,368	1,02,19,183
Other Liabilities	64,70,449	22,472
Received in advance from ULBs	1,62,85,090	2,96,49,936
<b>Total</b>	<b>15,91,48,437</b>	<b>16,90,91,187</b>
<b>Note 4: Loans Disbursed</b>		
Loans Disbursed to ULBs	329,01,99,866	247,91,02,065
Other Loans	41,66,87,825	49,98,35,963
<b>Total</b>	<b>370,68,87,691</b>	<b>297,89,38,028</b>



## WATER AND SANITATION POOLED FUND

(Trust managed by Government of Tamil Nadu)

### Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note 5: Current Assets</b>		
<b>a) Cash &amp; Cash Equivalents:</b>		
Balances with Scheduled Banks		
- in Savings Bank Accounts	60,69,366	1,02,69,985
- in Public Deposit Accounts	2,50,00,000	2,50,00,000
- in Term Deposit Accounts	78,60,20,373	73,91,66,098
<b>b) Current Investments</b>		
- Term Deposits with Financial Institutions	80,37,74,691	56,38,09,890
<b>c) Other Current Assets</b>		
- Interest Accrued on Deposits	6,91,55,800	5,87,49,692
- Interest Accrued on Loans Disbursed to ULBs	3,04,19,603	3,25,34,703
- Interest Accrued on Public Deposit	57,08,333	1,77,08,333
- Interest Accrued on Other Loans	81,49,368	1,02,19,183
- Amount receivable from ULBs	64,47,649	0
- Amount receivable from Government	3,53,99,748	0
- Other Advances & Receivables	21,676	21,348
- Tax Deducted at source	13,08,382	13,08,382
<b>Total</b>	<b>177,74,74,989</b>	<b>145,87,87,614</b>
<b>Note 6: Interest earned on Loans Disbursed</b>		
Interest earned on Loans to ULBs	19,65,85,674	17,07,47,332
Interest earned on Other Loans	4,22,71,923	4,34,78,855
<b>Total</b>	<b>23,88,57,597</b>	<b>21,42,26,187</b>
<b>Note 7: Other Income</b>		
Project Development Grant	30,31,768	4,95,349
Front End Fee	84,27,000	0
Other Income	41,01,362	65,23,538
<b>Total</b>	<b>1,55,60,130</b>	<b>70,18,887</b>
<b>Note 8: Interest on Loans Borrowed</b>		
Interest on bonds issued	16,91,51,479	16,67,97,863
Interest on Subordinated Loan (KfW)	46,87,500	39,49,469
Interest on other Loans Borrowed	6,50,18,618	4,34,78,855
<b>Total</b>	<b>23,88,57,597</b>	<b>21,42,26,187</b>
<b>Note 9: Other Expenses</b>		
Project Development Expenses	30,31,768	4,95,349
Management Fee	15,51,362	36,79,709
Government guarantee Fee	25,50,000	22,88,014
Other operating expenses	84,27,000	5,55,815
<b>Total</b>	<b>1,55,60,130</b>	<b>70,18,887</b>

# **WATER AND SANITATION POOLED FUND**

(Trust managed by Government of Tamil Nadu)

**Notes forming part of the financial statements for the Year ended 31.03.2015**

## **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 managed by Government of Tamil Nadu)

### **Notes forming part of the financial statements for the Year ended 31.03.2015**

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 ₹ 42,26,053/- and other expenses of ₹ 41,01,362/-) for the financial year 2014-15 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 managed by Government of Tamil Nadu)

### **Notes forming part of the financial statements for the Year ended 31.03.2015**

#### **d. WSPF Bonds**

A sum of ₹ 222.30 crores has been mobilized by issue of Taxable and Tax-free Non-Convertible Redeemable Pooled Bonds, of which a sum of ₹ 27.91 crores (of which ₹ 2.62 crores during the financial year 2014-15) has been redeemed. The principal bond balance as on 31.03.2015 is ₹194.39 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.**

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As per our report of even date attached

**For R.K. Kumar & Co.**

Chartered Accountants

Firm Reg. No.001595S

Sd/-

**G. Naganathan**

Partner

Membership No.022456

Place : Chennai

Date : 22.06.2015

**For Water and Sanitation Pooled Fund**

Sd/-

**Anita Praveen, IAS**

Member Secretary

Sd/-

**K. Phanindra Reddy, IAS**

Chairman

## **Grant Fund – I**

### **Report on the activities and Annual Accounts of Grant Fund I for the FY 2014-2015**

#### **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 up to 31.03.2015. The World Bank assisted TNUDP-III has been completed on 31.03.2014. However, as directed by Government, the capital grant for the on-going sub-projects have continued to be disbursed from the balance grant available under Grant Fund-I.

The funds have been sanctioned for 110 sub-projects under TNUDP III, of which capital grants amounting to ₹ 869.09 crores (including exchange rate variations) has been committed for 92 sub-projects. Of the above, capital grants amounting to ₹ 82.47 crores relating to 4 sub-projects has been posed under World Bank assisted Tamil Nadu Sustainable Urban Development Project (TNSUDP).

A sum of ₹ 56.32 crores (previous year ₹ 89.17 crores) has been disbursed to the ULBs during the financial year 2014-15 based on the progress of the project. In total, a sum of ₹ 680.05 crores (₹ 647.02 crores under TNUDP-III and ₹ 33.03 crores under TNSUDP) has been disbursed to ULBs as capital grant up to 31.3.2015 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	435.98
3.	Water Supply	21	251.39	187.99
4.	Roads & Street Lights	13	50.64	40.93
5.	Bus Stand	1	1.19	1.19
6.	River Improvement	1	9.37	8.40
	<b>Total</b>	<b>92</b>	<b>869.09</b>	<b>680.05</b>

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 2014-15 have been audited by M/s. Joseph & Rajaram, Chartered Accountants, Chennai.

## 10. Consolidation of Grant Funds

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Sustainability Grant Fund (by consolidating the three existing Grant Funds viz. Grant Fund-I, KfW Grant Fund-I and JBIC Grant Fund-I) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Sustainability Grant Fund.

**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 2015, 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.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 G.O.(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:

- a. in the case of the Balance Sheet, of the state of affairs of the GRANT FUND-I as at 31st March, 2015 and
- b. 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 : 22.06.2015

**Grant Fund – I**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	<b>1</b>	234,31,18,620	281,97,87,317
Current Liabilities	<b>2</b>	40,285	39,924
<b>Total</b>		<b>234,31,58,905</b>	<b>281,98,27,241</b>
<b>Application of Funds</b>			
Current Assets	<b>3</b>		
a. Cash and Cash Equivalents		196,42,53,635	251,34,70,317
b. Term Deposit with Companies		30,61,83,794	26,27,66,000
c. Other Current Assets		7,27,21,476	4,35,90,924
<b>Total</b>		<b>234,31,58,905</b>	<b>281,98,27,241</b>
Notes including Significant Accounting Policies - Note 4 to 6			

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

**Grant Fund – I**  
**(Grant Fund of Government of Tamil Nadu)**  
**Income & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	6,37,049	6,79,485
On Deposit Accounts	9,50,69,835	6,70,64,654
<b>Total</b>	<b>9,57,06,884</b>	<b>6,77,44,139</b>
<b>Expenditure</b>		
Management Fee	63,28,094	1,00,18,826
Audit Fee – Statutory Audit	25,080	24,718
<b>Total</b>	<b>63,53,174</b>	<b>1,00,43,544</b>
Excess of Income over Expenditure transferred to Grant from Government	<b>8,93,53,710</b>	<b>5,77,00,595</b>
Notes including Significant Accounting Policies - Note 1 to 6		

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

**Grant Fund – I**  
(Grant Fund of Government of Tamil Nadu)  
**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	0	200,00,00,000
Interest Receipts	9,60,15,025	8,36,28,545
Other Receipts from TNUDF	38,70,715	38,78,807
Other Receipts from WSPF	60,38,862	37,81,738
<b>Total</b>	<b>10,59,24,602</b>	<b>209,12,89,090</b>
<b>Payments</b>		
Disbursements to Urban Local Bodies	56,31,98,000	89,16,72,000
Disbursements to WSPF	28,24,407	29,15,340
Term Deposit with Companies	4,34,17,794	2,47,66,000
Other Payments to TNUDF	3,26,35,899	38,70,715
Other Payments to WSPF	67,12,371	60,38,862
Management Fee	63,28,094	1,00,18,826
Audit Fees	24,719	24,719
<b>Total</b>	<b>65,51,41,284</b>	<b>93,93,06,462</b>
Surplus / (Deficit) for the period	(54,92,16,682)	115,19,82,628
Add: Opening Cash and Bank Balances	251,34,70,317	136,14,87,689
<b>Closing Cash &amp; Bank Balances</b>	<b>196,42,53,635</b>	<b>251,34,70,317</b>

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

## Grant Fund – I

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note-1: Grant from Government</b>		
Balance at the beginning of the year	281,97,87,317	165,66,74,062
Add: Grant assistance received during the year	0	200,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	8,93,53,710	5,77,00,595
	<b>290,91,41,027</b>	<b>371,43,74,657</b>
Less: Disbursement to ULBs during the year	56,31,98,000	89,16,72,000
Disbursement towards other expenses	28,24,407	29,15,340
<b>Total</b>	<b>234,31,18,620</b>	<b>281,97,87,317</b>
<b>Note-2: Current Liabilities</b>		
Audit Fee payable	25,080	24,719
Other Liabilities	15,205	15,205
<b>Total</b>	<b>40,285</b>	<b>39,924</b>
<b>Note-3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Bank Account with Banks	9,15,608	5,60,638
ii. In Deposit account with Banks	64,12,38,027	75,35,09,679
iii. In Public Deposit Account with Banks	132,21,00,000	175,94,00,000
	<b>196,42,53,635</b>	<b>251,34,70,317</b>
<b>b. Term Deposit with Companies</b>	30,61,83,794	26,27,66,000
	<b>30,61,83,794</b>	<b>26,27,66,000</b>
<b>c. Other Current Assets</b>		
i. Accrued interest on Deposits	3,22,11,205	3,25,19,346
ii. TDS on interest on Deposits	11,62,001	11,62,001
iii. Receivable from TNUDF	3,26,35,899	38,70,715
iv. Receivable from WSPF	67,12,371	60,38,862
	<b>7,27,21,476</b>	<b>4,35,90,924</b>
<b>Total</b>	<b>234,31,58,905</b>	<b>281,98,27,241</b>

## **Grant Fund - I**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

### **Note-4: 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 G.O.(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.

### **Note-5: 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 31.03.2015**

- 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.

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

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Signature to Notes 1 to 6

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

## **Grant Fund - II**

### **Report on the activities and Annual Accounts of Grant Fund II for the FY 2014-2015**

#### **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 TNUDP-III 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 is made based on the IBRD procurement guidelines.

## **8. Performance during the financial year 2014-15**

### **I. Assignments completed during the financial year 2014-15:**

- i. Consulting Services for Preparation of Vision, Mission, Business Plan and Strategy for implementation for TNUDF & WSPF under TNSUDP
- ii. Preparation of Detailed Project Reports to
  - Provide Storm Water Drains for Tiruchirappalli Corporation
  - Provide Storm Water Drain System to Expanded Area of Coimbatore Corporation
  - Provide Integrated Storm Water Drainage System for the expanded areas of Chennai Corporation for Adyar & Cooum Basins
- iii. Preparation of Feasibility Report and Detailed Project Reports to construct Grade Separators at various locations in Chennai for Corporation of Chennai
  - Adithanar Salai - Pantheon Road - Dr. Rukmani Lakshmi pathy Road Junction
  - Mandaiveli Junction Near Mandaiveli Bus Stand

- College Road - Sterling Road - Valluvar Kottam High Road Junction
- Arcot Salai - Saligramam - KK Nagar 80 Feet Road Junction
- Junction of T.T.K. Road, St. Mary's Road and Chamiers Road
- iv. Consultancy Services for Third Tamil Nadu Urban Development Project's Outcomes and Assessment Study for Implementation Completion Report (ICR).
- v. Preparation of City Development Plan for Coimbatore Corporation.
- vi. Preparation of Comprehensive Mobility Plan for
  - Thoothukudi Local Planning Area
  - Erode Local Planning Area

## **II. Ongoing assignments:**

### **a) Assignments taken up during previous financial years.**

- i. Preparation of Detailed Project Reports for Corporation of Chennai to
  - Provide Integrated Storm Water Drain System for the expanded areas of Chennai Corporation - Kovalam & Kosathalayar Basins.
  - Provide Bio remediation, reclamation and closure of old dumped waste site at Pallikaranai.
  - Construction of a Multi Level Car Parking (MLCP) at Uthamar Gandhi Salai in Chennai.
  - New Link Road from Kaliasman Street Salai to Poonamallee Road in Chennai
  - Development of Kotivakkam, Palavakkam and Neelankarai Beaches.
- ii. Preparation of Feasibility Report and Detailed Project Reports for construction of Grade Separators at various locations for Corporation of Chennai.
  - Gandhi Mandapam Salai - Ponnamman Koil Salai Junction at Kotturpuram.
  - 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.
  - Construction of Pedestrian Subways at five locations in Chennai.
  - Grade Separator at Madhya Kailash Junction along MRTS Line over Buckingham Canal from Kasturibai Nagar MRTS Stations towards Kotturpuram.
  - Construction of Grade Separator connecting Anna Salai with Mahalingapuram through Usman Road by suitably integrating existing flyovers in the route for Chennai Corporation.

- Preparation for DPR for 2 locations: Construction of RUB / ROB in lieu of level crossings at Ennore High Road in lieu of LC No.2A in between Korukkupet and Vyasarpadi; & Construction of RUB / ROB in lieu of level crossings at Manali Main Road in lieu of LC No.2B
- iii. Preparation of Comprehensive Mobility Plans for
  - Salem Local Planning Area
  - Coimbatore Local Planning Area
- iv. 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 for CMWSSB.
- v. Transaction Advisory Services
  - To develop a model through BOT for land development in Mamandur, Vikravandi, Ulundurpet, Kancheepuram and Tiruvannmalai for Tamil Nadu State Transport Corporation (Villupuram) Ltd.
  - To construct Multi Level Car Parking in front of Panagal Park in Bashyam Road, T. Nagar under PPP mode for Corporation of Chennai.
  - To provide New Bus Shelters and Modernising of Existing Bus Shelters in Ten Town Panchayats in Tiruvallur District on PPP mode for Director of Town Panchayat.
  - To develop three distinct Solid Waste Management Initiatives in Chennai on PPP mode for Corporation of Chennai.

**b) Assignments taken up during the financial year 2014-15**

- i. Consulting Services for Preparation of Vision, Mission, Business Plan and Strategy for implementation for TNUDF & WSPF under TNSUDP.
- ii. Consultancy services for Integrated Flood Risk Mapping / Modeling for Chennai City (Expanded Area of Chennai Corporation, Cooum and Adyar Rivers) and surrounding areas under TNSUDP.

**III. Financial Performance**

A sum of ₹ 41.40 crores has been allotted to Grant Fund - II as grant under TNUDF-III and the entire amount has been released by Government to Grant Fund-II up to 31.03.2015. The World Bank assisted TNUDF-III has been completed on 31.03.2014. However, as directed by Government, the grant for the on-going

consultancy assignments have been continued to be disbursed from the grant available under Grant Fund-II.

A sum of ₹ 4.18 crores (previous year ₹ 9.67 crores) has been disbursed to various consultancies during the financial year 2014-15 based on the progress of the consultancy assignments.

In total a sum of ₹ 43.63 crores has been committed for 157 consultancy assignments up to 31.03.2015. Of the above, 3 consultancy assignments amounting to ₹ 0.76 crores has been posed under World Bank assisted Tamil Nadu Sustainable Urban Development Project (TNSUDP). In total, a sum of ₹ 37.97 crores (₹ 37.58 crores under TNUDP-III and ₹ 0.39 crores under TNSUDP) has been disbursed to various consultancy assignments up to 31.3.2015. Of the above, 136 consultancy assignments have been completed of which 23 assignments have been fructified in to projects resulting in contracts worth ₹ 4616.08 crores.

## **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-15 have been audited by M/s. Joseph & Rajaram, Chartered Accountants, Chennai.

## **10. Consolidation of Grant Funds**

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Development Grant Fund (by consolidating the four existing Grant Funds viz. Grant Fund-II, KfW Grant Fund-II, JBIC Grant Fund-II and Project Preparatory Grant Fund) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Development Grant Fund.

**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 2015, 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.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 G.O.(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:

- a. in the case of the Balance Sheet, of the state of affairs of the GRANT FUND-II as at 31<sup>st</sup> March, 2015 and
- b. in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

Place : Chennai  
Date : 22.06.2015

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

**Grant Fund – II**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	14,56,47,568	10,34,89,980
Current Liabilities	2	3,33,046	4,43,365
<b>Total</b>		<b>14,59,80,614</b>	<b>10,39,33,345</b>
<b>Application of Funds</b>			
Current Assets	3		
a. Cash and Cash Equivalents		14,29,13,848	10,10,33,132
b. Other Current Assets		30,66,766	29,00,213
<b>Total</b>		<b>14,59,80,614</b>	<b>10,39,33,345</b>
Notes including Significant Accounting Policies Note - 4 to 6			

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015



## Grant Fund – II

(Grant Fund of Government of Tamil Nadu)

**Income & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	1,17,098	97,151
On Deposit Accounts	1,03,48,404	97,69,113
<b>Total</b>	<b>1,04,65,502</b>	<b>98,66,264</b>
<b>Expenditure</b>		
Management Fee	4,69,812	10,86,316
Audit Fee – Statutory Audit	25,080	24,718
<b>Total</b>	<b>4,94,892</b>	<b>11,11,034</b>
Excess of Income over Expenditure transferred to Grant from Government	<b>99,70,610</b>	<b>87,55,230</b>
Notes including Significant Accounting Policies - Note 1 to 6		

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

**Grant Fund – II**  
**(Grant Fund of Government of Tamil Nadu)**  
**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	7,40,00,000	6,00,00,000
Interest Receipts	1,01,88,269	87,73,154
<b>Total</b>	<b>8,41,88,269</b>	<b>6,87,73,154</b>
<b>Payments</b>		
Disbursements to Consultants	4,18,13,021	9,66,81,770
Management Fee	4,69,812	10,86,316
Audit Fees - Statutory Audit	24,718	24,718
<b>Total</b>	<b>4,23,07,551</b>	<b>9,77,92,804</b>
Surplus / (Deficit) for the year	4,18,80,718	(2,90,19,650)
Add: Opening Cash and Bank Balances	10,10,33,132	13,00,52,782
<b>Closing Cash &amp; Bank Balances</b>	<b>14,29,13,848</b>	<b>10,10,33,132</b>

Vide our report of even date attached  
For **Joseph & Rajaram**  
Chartered Accountants  
Firm Registration No. 001375 S

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 : 22.06.2015

## Grant Fund – II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note-1: Grant from Government</b>		
Balance at the beginning of the year	10,34,89,980	13,14,16,520
Add: Grant assistance received during the year	7,40,00,000	6,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	99,70,610	87,55,230
	<b>18,74,60,590</b>	<b>20,01,71,750</b>
Less: Disbursement to consultants during the year	4,18,13,021	9,66,81,770
<b>Total</b>	<b>14,56,47,568</b>	<b>10,34,89,980</b>
<b>Note-2: Current Liabilities</b>		
Audit Fees Payable	25,080	24,719
Other Liabilities	3,07,966	3,07,966
TDS on Payments	0	1,10,680
<b>Total</b>	<b>3,33,046</b>	<b>4,43,365</b>
<b>Note-3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Account with Bank	5,52,023	10,33,132
ii. In Deposit Account with Banks	9,88,61,825	10,00,00,000
iii. In Public Deposit Account with Bank	4,35,00,000	0
	<b>14,29,13,848</b>	<b>10,10,33,132</b>
<b>b. Other Current Assets</b>		
i. Accrued interest on Deposits	30,62,773	27,85,540
ii. TDS on interest on Deposits	3,993	3,993
iii. Other Receivables	0	1,10,680
	<b>30,66,766</b>	<b>29,00,213</b>
<b>Total</b>	<b>14,59,80,614</b>	<b>10,39,33,345</b>

## **Grant Fund - II**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

### **Note-4: 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 31.03.2015

### Note-5: 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.

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

---

Signature to Schedules 1 to 6

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

## **Grant Fund – III**

### **Report on the activities and Annual Accounts of Grant Fund III for the FY 2014-2015**

#### **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 TNUDP-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 31.03.2015. The entire amonunt of ₹ 179 crores has been disbursed to CMDA up to 31.03.2015. The net interest earned on account of the banking operations for the period from 2008 to 2015 amounting to ₹ 6.25 crores has been remitted to the Government and the operation of Grant Fund-III has been closed.

## **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-15 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 2015, 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.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 G.O.(Ms).No.67, Housing and Urban Development Department, dated 27.02.2006}. The World Bank assisted Third Tamil Nadu Urban Development Project (TNUDP III) has been completed as per information given. As directed by Government, the entire balance amount available in Grant Fund-III has been remitted in to Government Account and the operations of Grant Fund-III has been closed.

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:

- a. in the case of the Balance Sheet, of the state of affairs of the GRANT FUND-III as at 31<sup>st</sup> March, 2015 and
- b. 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 : 22.06.2015



**Grant Fund - III**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	0	5,70,80,157
Current Liabilities	2	0	93,765
<b>Total</b>		<b>0</b>	<b>5,71,73,922</b>
<b>Application of Funds</b>			
Current Assets	3		
a. Cash and Cash Equivalents		0	5,51,58,895
b. Other Current Assets		0	20,15,027
<b>Total</b>		<b>0</b>	<b>5,71,73,922</b>
Notes including Significant Accounting Policies - Note 4 to 6			

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

## Grant Fund – III

(Grant Fund of Government of Tamil Nadu)

**Income & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	1,09,824	2,19,261
On Deposit Accounts	53,62,225	1,06,44,732
<b>Total</b>	<b>54,72,049</b>	<b>1,08,63,993</b>
<b>Expenditure</b>		
Management Fee	0	14,88,770
Audit Fee – Statutory Audit	16,854	16,854
Other Expenses	13,588	13,483
<b>Total</b>	<b>30,442</b>	<b>15,19,107</b>
Excess of Income over Expenditure transferred to Grant from Government	<b>54,41,607</b>	<b>93,44,886</b>
Notes including Significant Accounting Policies - Note 1 to 6		

Notes referred above form an integral part of the Financial Statements

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

**Grant Fund – III**  
**(Grant Fund of Government of Tamil Nadu)**  
**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	0	36,50,00,000
Interest Receipts	74,87,076	1,25,40,589
<b>Total</b>	<b>74,87,076</b>	<b>37,75,40,589</b>
<b>Payments</b>		
Disbursement to CMDA	0	53,00,00,000
Management Fee	76,911	14,11,859
Statutory Audit Fees & Other Fees	47,296	30,337
Remittance to GoTN	6,25,21,764	0
<b>Total</b>	<b>6,26,45,971</b>	<b>53,14,42,196</b>
Surplus / (Deficit) for the year	(5,51,58,895)	(15,39,01,607)
Add: Opening Cash and Bank Balances	5,51,58,895	20,90,60,502
<b>Closing Cash &amp; Bank Balances</b>	<b>0</b>	<b>5,51,58,895</b>

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

## Grant Fund – III

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note -1: Grant from Government</b>		
Balance at the beginning of the year	5,70,80,157	21,27,35,271
Add: Grant assistance received during the year	0	36,50,00,000
Excess of Income over Expenditure carried from Income & Expenditure Account	54,41,607	93,44,886
	<b>6,25,21,764</b>	<b>58,70,80,157</b>
Less: Disbursement to CMDA during the year	0	53,00,00,000
Remittance to GoTN	6,25,21,764	0
<b>Total</b>	<b>0</b>	<b>5,70,80,157</b>
<b>Note -2: Current Liabilities</b>		
Audit Fee payable	0	16,854
Management Fees payable	0	76,911
<b>Total</b>	<b>0</b>	<b>93,765</b>
<b>Note -3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Bank Account with Bank	0	16,954
ii. In Deposit Account with Banks	0	5,51,41,941
	<b>0</b>	<b>5,51,58,895</b>
<b>b. Other Current Assets</b>		
i. Accrued interest on Deposits	0	20,15,027
	<b>0</b>	<b>20,15,027</b>
<b>Total</b>	<b>0</b>	<b>5,71,73,922</b>

## **Grant Fund – III**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

### **Note-4: 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 31.03.2015**

### **Note-5: 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.

The World Bank assisted Third Tamil Nadu Urban Development Project (TNUDP III) has been completed on 31.03.2014. As directed by Government, the entire balance amount available in Grant Fund-III has been remitted in to Government Account and the operations of Grant Fund-III has been closed.

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

---

Signature to Notes 1 to 6

Vide our report of even date attached

For **Joseph & Rajaram**

Chartered Accountants

Firm Registration No. 001375 S

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 : 22.06.2015

# **Project Preparatory Grant Fund**

## **Report on the activities and Annual Accounts of Project Preparatory Grant Fund for the Financial Year 2014-2015**

### **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 ₹ 1.26 crores (previous year ₹ 0.91 crores) has been disbursed during the financial year 2014-15.

#### **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-15 have been audited by M/s.Ponraj & Co., Chartered Accountants, Chennai.

#### **10. Consolidation of Grant Funds**

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Development Grant Fund (by consolidating the four existing Grant Funds viz. Grant Fund-II, KfW Grant Fund-II, JBIC Grant Fund-II and Project Preparatory Grant Fund) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Development Grant Fund.



**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 2015, 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 G.O.(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 G.O.(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:

- a. in the case of the Balance Sheet, of the state of affairs of the PROJECT PREPARATORY GRANT FUND as at 31st March, 2015 and
- b. in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

Place : Chennai  
Date : 22.06.2015

For **Ponraj & Co.,**  
Chartered Accountants  
Firm Regn. No.002672S  
Sd/-  
**N. Raghu Ram**  
Partner  
Membership No. 210771

**Project Preparatory Grant Fund**  
(Grant Fund of Government of Tamil Nadu)  
Balance Sheet As At 31.03.2015

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	52,26,78,049	36,03,11,302
Current Liabilities	2	1,88,680	4,13,483
<b>Total</b>		<b>52,28,66,729</b>	<b>36,07,24,785</b>
<b>Application of Funds</b>			
Current Assets	3		
a. Cash and Cash Equivalents		32,06,29,954	27,42,04,539
b. Term Deposit with Companies		18,96,35,494	8,01,42,892
c. Other Current Assets		1,26,01,281	63,77,354
<b>Total</b>		<b>52,28,66,729</b>	<b>36,07,24,785</b>
Notes including Significant Accounting Policies - Note 4 to 6			

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 : 22.06.2015

## Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

**Income & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	68,367	19,080
On Deposit Accounts	4,36,46,030	3,40,93,348
Other Income	0	1,00,000
<b>Total</b>	<b>4,37,14,397</b>	<b>3,42,12,428</b>
<b>Expenditure</b>		
Management Fee	4,46,072	1,18,622
Audit Fee - Statutory Audit	13,680	13,482
<b>Total</b>	<b>4,59,752</b>	<b>1,32,104</b>
Excess of Income over Expenditure transferred to Grant from Government	<b>4,32,54,645</b>	<b>3,40,80,324</b>
Notes including Significant Accounting Policies - Note 1 to 6		

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 : 22.06.2015

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

**Project Preparatory Grant Fund**  
**(Grant Fund of Government of Tamil Nadu)**  
**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	13,17,08,160	0
Interest Receipts	3,74,90,470	3,34,65,548
Earnest Money Deposit	0	5,00,000
<b>Total</b>	<b>16,91,98,630</b>	<b>3,39,65,548</b>
<b>Payments</b>		
Disbursements	1,25,96,058	90,95,464
Management Fee	4,46,072	1,18,622
Audit Fees	13,483	13,483
Term Deposit with Companies	10,94,92,602	72,32,692
Earnest Money Deposit	2,25,000	0
<b>Total</b>	<b>12,27,73,215</b>	<b>1,64,60,261</b>
Surplus / (Deficit) for the year	4,64,25,415	1,75,05,287
Add: Opening Cash and Bank Balances	27,42,04,539	25,66,99,252
<b>Closing Cash &amp; Bank Balances</b>	<b>32,06,29,954</b>	<b>27,42,04,539</b>

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 : 22.06.2015

## Project Preparatory Grant Fund

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note-1: Grant from Government</b>		
Balance at the beginning of the year	36,03,11,302	33,53,26,442
Add: Grant assistance received during the year	13,17,08,160	0
Excess of Income over Expenditure carried from Income & Expenditure Account	4,32,54,645	3,40,80,324
	<b>53,52,74,107</b>	<b>36,94,06,766</b>
Less: Disbursements made during the year	1,25,96,058	90,95,464
<b>Total</b>	<b>52,26,78,049</b>	<b>36,03,11,302</b>
<b>Note -2: Current Liabilities</b>		
Audit Fee payable	13,680	13,483
Other Liabilities (EMD)	1,75,000	4,00,000
<b>Total</b>	<b>1,88,680</b>	<b>4,13,483</b>
<b>Note-3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Account with Banks	8,51,464	5,51,306
ii. In Deposit Account with Banks	31,97,78,490	27,36,53,233
	<b>32,06,29,954</b>	<b>27,42,04,539</b>
<b>b. Term Deposit with Companies</b>	18,96,35,494	8,01,42,892
	<b>18,96,35,494</b>	<b>8,01,42,892</b>
<b>c. Other Current Assets</b>		
i. Accrued interest on Deposits	1,26,01,281	63,77,354
	<b>1,26,01,281</b>	<b>63,77,354</b>
<b>Total</b>	<b>52,28,66,729</b>	<b>36,07,24,785</b>

# **Project Preparatory Grant Fund**

## **(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

### **Note-4: 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 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 31.03.2015**

**Note-5: 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.

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

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Signature to Notes 1 to 6

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 : 22.06.2015

# **TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND**

## **Report on the activities and Annual Accounts of Tamil Nadu Urban Road Infrastructure Fund for the Financial Year 2014-2015**

### **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**

#### **i. Eligible Projects :**

The TURIF will finance for improvement/renovation/relaying of roads in the Urban Local Bodies including related infrastructure such as roads, pedestrian footpaths, storm water



drains, signages, provision for ducting, street furniture, productive structures and cross drainage structures.

ii. 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 Principal Secretary to Government, Municipal Administration and Water Supply Department as Chairman, the Director 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 Director of Municipal Administration / Director of Town Panchayats.

## **7. Procurement procedures**

The Provisions of Tamil Nadu Transparency in Tenders Act, 1998 and Tamil Nadu Transparency in Tenders Rules, 2000 (amended up to date) shall be applicable for procurement of works, goods & services.

## **8. Performance**

During the financial year 2014-2015, a sum of ₹ 383.14 crores (previous year ₹ 441.28 crores) has been released by Government to TURIF, of the above, a sum of ₹ 115.59 crores (previous year ₹ 581.27 crores) has been disbursed to ULBs.

## **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-2015 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 2015, which comprise the Balance Sheet as on that date, the Receipts and Payments Account for the year ended on that date, the Income and Expenditure Account for the year ended on that date and a summary of significant accounting policies and other explanatory information {The Government of Tamil Nadu has accorded its administrative sanction vide G.O. Ms. No.235, Municipal Administration and Water Supply (MA-II) Department dated 27.11.2008 to set up Tamil Nadu Urban Road Infrastructure Fund (TURIF) to implement Tamil Nadu Urban Road Infrastructure Project (TNUIP). TURIF is Grant Fund of Government of Tamil Nadu and is managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) as per the guidelines prescribed by Government of Tamil Nadu vide G.O. Ms. No.290, Municipal Administration and Water Supply (MA-III) Department, dated 22.11.2010 and as amended from time to time}.

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

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

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

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

We report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, books of account as required have been kept by the Fund so far as appears from our examination of those books.
- c) The Balance Sheet, Income and Expenditure Account, dealt with by this report are in agreement with the books of account

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

- a) in the case of the Balance Sheet, of the state of affairs of the TAMIL NADU URBAN ROAD INFRASTRUCTURE FUND as at 31<sup>st</sup> March, 2015 and
- b) in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

Place : Chennai  
Date : 22.06.2015

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

# Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Balance Sheet As At 31.03.2015

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	376,40,74,981	87,03,73,690
Current Liabilities	2	17,100	16,854
<b>Total</b>		<b>376,40,92,081</b>	<b>87,03,90,544</b>
<b>Application of Funds</b>			
Current Assets			
a. Cash and Cash Equivalents	3	300,60,74,519	42,68,55,021
b. Term Deposit with Companies		59,80,07,182	39,64,89,000
c. Other Current Assets		16,00,10,380	4,70,46,523
<b>Total</b>		<b>376,40,92,081</b>	<b>87,03,90,544</b>
Notes including Significant Accounting Policies - Note 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  
Tamil Nadu Urban Road Infrastructure Fund)**

Place : Chennai

Date : 22.06.2015

# Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Income & Expenditure Account for the year ended 31.03.2015

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	15,57,990	22,85,146
On Deposit Accounts	21,68,02,359	14,23,64,313
<b>Total</b>	<b>21,83,60,349</b>	<b>14,46,49,459</b>
<b>Expenditure</b>		
Management Fee	1,01,792	6,54,359
Audit Fee - Statutory Audit	17,100	16,854
<b>Total</b>	<b>1,18,892</b>	<b>6,71,213</b>
Excess of Income over Expenditure transferred to Grant From Government	<b>21,82,41,457</b>	<b>14,39,78,246</b>
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 : 22.06.2015

## Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Receipts & Payments Account for the year ended 31.03.2015

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	383,13,95,712	441,28,40,912
Interest Receipts	10,53,96,492	15,41,53,605
<b>Total</b>	<b>393,67,92,204</b>	<b>456,69,94,517</b>
<b>Payments</b>		
Disbursements to Urban Local Bodies	115,59,35,878	581,27,36,000
Disbursements to Consultants	0	52,495
Term Deposit with Companies	20,15,18,182	15,96,89,719
Management Fee	1,01,792	9,30,338
Audit Fees	16,854	16,854
<b>Total</b>	<b>135,75,72,706</b>	<b>597,34,25,406</b>
Surplus / (Deficit) for the year	257,92,19,498	(140,64,30,889)
Add: Opening Cash and Bank Balances	42,68,55,021	183,32,85,910
<b>Closing Cash &amp; Bank Balances</b>	<b>300,60,74,519</b>	<b>42,68,55,021</b>

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 : 22.06.2015

## Tamil Nadu Urban Road Infrastructure Fund

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note - 1: Grant From Government</b>		
Balance at the beginning of the year	87,03,73,690	212,63,43,027
Add: Grant assistance received during the year	383,13,95,712	441,28,40,912
Excess of Income over Expenditure carried from Income and Expenditure Account	21,82,41,457	14,39,78,246
	<b>492,00,10,859</b>	<b>668,31,62,185</b>
Less: Disbursements to ULBs during the year	115,59,35,878	581,27,36,000
Disbursements towards Other Expenses	0	52,495
<b>Total</b>	<b>376,40,74,981</b>	<b>87,03,73,690</b>
<b>Note -2: Current Liabilities</b>		
Audit Fee payable	17,100	16,854
<b>Total</b>	<b>17,100</b>	<b>16,854</b>
<b>Note-3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Bank Account with Banks	8,87,381	2,83,021
ii. In Deposit Account with Banks	300,51,87,138	42,65,72,000
	<b>300,60,74,519</b>	<b>42,68,55,021</b>
<b>b. Deposit with Companies</b>	59,80,07,182	39,64,89,000
	<b>59,80,07,182</b>	<b>39,64,89,000</b>
<b>c. Other Current Assets</b>		
Accrued interest on Deposits	16,00,10,380	4,70,46,523
	<b>16,00,10,380</b>	<b>4,70,46,523</b>
<b>Total</b>	<b>376,40,92,081</b>	<b>87,03,90,544</b>

# **Tamil Nadu Urban Road Infrastructure Fund**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Accounts for the year ended 31.03.2015**

## **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 amended from time to time. The fee structure is prescribed by the Government from time to time. The Government vide G.O.Ms.No.45, Municipal Administration & Water Supply (M.A.3) Department dated 09.04.2013 approved the fee of 0.01% to TNUIFSL for the disbursement made from the Financial Year 2011-12 onwards.

#### **D. Transfer of surplus**

The balance in Income and Expenditure Account is transferred every year to the Grant 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 Accounts for the year ended 31.03.2015**

## **Note – 4 – Significant Accounting Policies and Notes forming part of Financial Statements**

### **(II) Notes forming part of Financial Statements**

#### **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.

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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 : 22.06.2015

**(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 2014 - 2015**

#### **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. 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 **8. Performance**

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 mote 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 31.03.2015.

The funds have been committed for seven water supply projects amounting to ₹ 192.84 crores (including exchange rate variation) under JBIC Grand Fund - I. A sum of ₹ 10.80 crores (previous year ₹ 35.10 crores) has been disbursed to the ULBs during the financial year. 2014-15 based on the progress of the project. In total, a sum of ₹ 109.34 crores has been disbursed to ULBs as capital grant up to 31.3.2015.

## **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-2015 have been audited by M/s. N.Raja & Associates, Chartered Accountants, Chennai – 600 017.

## **10. Consolidation of Grant Funds**

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Sustainability Grant Fund (by consolidating the three existing Grant Funds viz. Grant Fund-I, KfW Grant Fund-I and JBIC Grant Fund-I) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Sustainability Grant Fund.

**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 2015, 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:

- a) in the case of the Balance Sheet, of the state of affairs of the JBIC GRANT FUND-I as at 31<sup>st</sup> March, 2015 and
- b) in the case of the Income and Expenditure Account, of 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 : 22.06.2015

**JBIC Grant Fund - I**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	15,23,95,674	26,14,87,085
Current Liabilities	2	17,100	16,854
<b>Total</b>		<b>15,24,12,774</b>	<b>26,15,03,939</b>
<b>Application of Funds</b>			
Current Assets	3		
a. Cash and Cash Equivalents		15,24,12,774	26,15,02,352
b. Other Current Assets		0	1,587
<b>Total</b>		<b>15,24,12,774</b>	<b>26,15,03,939</b>
Notes including Significant Accounting Policies - Note 4 to 6			

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 : 22.06.2015

**(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 & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	84,995	2,98,355
On Deposit Accounts	54,182	6,62,333
<b>Total</b>	<b>1,39,177</b>	<b>9,60,688</b>
<b>Expenditure</b>		
Management Fee	12,13,488	39,43,836
Audit Fee - Statutory Audit	17,100	16,854
<b>Total</b>	<b>12,30,588</b>	<b>39,60,690</b>
Excess of Expenditure over Income transferred to Grant From Government	<b>(10,91,411)</b>	<b>(30,00,002)</b>
Notes including Significant Accounting Policies - Note 1 to 6		

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 : 22.06.2015

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

## JBIC Grant Fund - I

(Grant Fund of Government of Tamil Nadu)

**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant From Government	0	40,00,00,000
Interest Receipts	1,40,764	16,15,213
<b>Total</b>	<b>1,40,764</b>	<b>40,16,15,213</b>
<b>Payments</b>		
Disbursement to Urban Local Bodies	10,80,00,000	35,10,00,000
Management Fee	12,13,488	39,43,836
Statutory Audit Fees	16,854	16,854
<b>Total</b>	<b>10,92,30,342</b>	<b>35,49,60,690</b>
Surplus / (Deficit) for the year	(10,90,89,578)	4,66,54,523
Add: Opening Cash and Bank Balance	26,15,02,352	21,48,47,829
Closing Cash & Bank Balances	<b>15,24,12,774</b>	<b>26,15,02,352</b>

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 : 22.06.2015

**(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 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note-1: Grant From Government</b>		
Balance at the beginning of the year	26,14,87,085	21,54,87,087
Add: Grant assistance received during the year	0	40,00,00,000
	<b>26,14,87,085</b>	<b>61,54,87,087</b>
Less: Disbursement to ULBs during the year	10,80,00,000	35,10,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	10,91,411	30,00,002
<b>Total</b>	<b>15,23,95,674</b>	<b>26,14,87,085</b>
<b>Note- 2: Current Liabilities</b>		
Audit Fees Payable	17,100	16,854
<b>Total</b>	<b>17,100</b>	<b>16,854</b>
<b>Note- 3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Bank Account with Banks	2,12,774	3,98,962
ii. In Deposit Account with Banks	0	11,03,390
iii. In Public Deposit Account with Banks	15,22,00,000	26,00,00,000
	<b>15,24,12,774</b>	<b>26,15,02,352</b>
<b>b. Other Current Assets</b>		
Accrued interest on Deposits	0	1,587
	<b>0</b>	<b>1,587</b>
<b>Total</b>	<b>15,24,12,774</b>	<b>26,15,03,939</b>

## **JBIC Grant Fund – I**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Accounts for the year ended 31.03.2015**

### **Note – 4 : 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 / Deficit**

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 Accounts for the year ended 31.03.2015**

## **Note-5: 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.

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

---

Signature to Schedules 1 to 6

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 : 22.06.2015

**(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 2014- 2015**

#### **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 GF – 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 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 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 GF - II as grant under JBIC line of credit, of which a sum of ₹ 5.00 crores has been released by Government to JBIC GF - II up to 31.03.2015.

A sum of ₹ 0.45 crores (previous year ₹ 0.08 crores) has been disbursed during the financial year 2014-2015 towards various consultancy services. In total a sum of ₹ 2.82 crores has been disbursed up to 31.03.2015.

### **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-2015 have been audited by M/s.N.Raja & Associates, Chartered Accountants, Chennai – 600 017.

### **10. Consolidation of Grant Funds**

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Development Grant Fund (by consolidating the four existing Grant Funds viz. Grant Fund-II, KfW Grant Fund-II, JBIC Grant Fund-II and Project Preparatory Grant Fund) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Development Grant Fund.

**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 2015, 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:

- a) in the case of the Balance Sheet, of the state of affairs of the JBIC GRANT FUND - II as at 31st March, 2015 and
- b) 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 : 22.06.2015

**JBIC Grant Fund - II**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	2,25,54,812	2,70,55,395
Current Liabilities	2	13,680	13,483
<b>Total</b>		<b>2,25,68,492</b>	<b>2,70,68,878</b>
<b>Application of Fund</b>			
Current Assets	3		
a. Cash and Cash Equivalents		2,25,68,492	2,70,65,130
b. Other Current Assets		0	3,748
<b>Total</b>		<b>2,25,68,492</b>	<b>2,70,68,878</b>
Notes including Significant Accounting Policies - Note 4 to 6			

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 : 22.06.2015

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



## JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

**Income & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	13,966	15,760
On Deposit Accounts	60,112	1,80,208
<b>Total</b>	<b>74,078</b>	<b>1,95,968</b>
<b>Expenditure</b>		
Management Fee	50,678	9,027
Audit Fee - Statutory Audit	13,680	13,483
<b>Total</b>	<b>64,358</b>	<b>22,510</b>
Excess of Income over Expenditure transferred to Grant From Government	<b>9,720</b>	<b>1,73,458</b>
Notes including Significant Accounting Policies - Note 1 to 6		

Notes including 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 : 22.06.2015

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

## JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant From Government	0	2,00,00,000
Interest Receipts	77,826	2,14,679
<b>Total</b>	<b>77,826</b>	<b>2,02,14,679</b>
<b>Payments</b>		
Disbursement to Consultant	45,10,303	8,03,447
Management Fee	50,678	9,027
Audit Fees	13,483	13,483
<b>Total</b>	<b>45,74,464</b>	<b>8,25,957</b>
Surplus / (Deficit) for the year	(44,96,638)	1,93,88,722
Add: Opening Cash and Bank Balance	2,70,65,130	76,76,408
Closing Cash & Bank Balances	<b>2,25,68,492</b>	<b>2,70,65,130</b>

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 : 22.06.2015

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

## JBIC Grant Fund - II

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note - 1:</b>		
<b>Grant From Government</b>		
Balance at the beginning of the year	2,70,55,395	76,85,383
Add: Grant assistance received during the year	0	2,00,00,000
Excess of Income over Expenditure carried from Income & Expenditure Account	9,720	1,73,458
	<b>2,70,65,115</b>	<b>2,78,58,841</b>
Less: Disbursements to consultants during the year	45,10,303	8,03,446
<b>Total</b>	<b>2,25,54,812</b>	<b>2,70,55,395</b>
<b>Note - 2:</b>		
<b>Current Liabilities</b>		
Audit Fee payable	13,680	13,483
<b>Total</b>	<b>13,680</b>	<b>13,483</b>
<b>Note - 3:</b>		
<b>Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Bank Account with Banks	68,492	1,65,130
ii. In Deposit Account with Banks	0	19,00,000
iii. In Public Deposit Account with Banks	2,25,00,000	2,50,00,000
	<b>2,25,68,492</b>	<b>2,70,65,130</b>
<b>b. Other Current Assets</b>		
Accrued interest on Deposits	0	3,748
	<b>0</b>	<b>3,748</b>
<b>Total</b>	<b>2,25,68,492</b>	<b>2,70,68,878</b>

## **JBIC Grant Fund - II**

### **(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Accounts for the year ended 31.03.2015**

#### **Note – 4 : 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 Accounts for the year ended 31.03.2015**

### **Note-5: 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)

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

---

Signature to Notes 1 to 6

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 : 22.06.2015

**(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 2014 - 2015

#### 1. Introduction

The Government of Tamil Nadu (GoTN) have accorded administrative approval for implementation of Sustainable Municipal Infrastructure Financing–Tamil Nadu (SMIF-TN) Program, Sustainable Municipal Infrastructure Financing–Tamil Nadu-Phase-II-Part-1 (SMIF-TN-II-1) Program and Sustainable Municipal Infrastructure Financing–Tamil Nadu-Phase-II-Part-2 (SMIF-TN-II-2) Program with the assistance of KfW, the German Financing Agency. The total outlay of the project and amount allotted is as detailed below:

S.No	Scheme	G.O.No.	Total Outlay Euro in Million	Allotted to KfW GF-I	
				Euro in Million	₹ in Crores
1	SMIF-TN	G.O. (Ms). No.218, MA&WS (MA-II) Dept dt 03.11.2008	77.00	16.18	101.40
2	SMIF-TN-II-1	G.O. (Ms). No.83, MA&WS (MA-II) Dept dt 10.06.2013	80.00	40.00	289.00
3	SMIF-TN-II-2	G.O. (Ms). No.32, MA&WS Dept dt 17.02.2015	107.75	50.00	407.15
	<b>Total</b>		<b>264.75</b>	<b>106.18</b>	<b>797.55</b>

The GoTN has prescribed the guidelines for operation and management of KfW Grant Fund-I as detailed below:

S.No	Scheme	G.O.No.
1	SMIF-TN	G.O.(Ms).No.40,MA&WS Dept dt 19.03.2009
2	SMIF-TN-II-1	G.O.(2D) No.122 MA&WS Dept dt 26.11.2013
3	SMIF-TN-II-2	G.O. (Ms). No.32, MA&WS Dept dt 17.02.2015

#### 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 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, SMIF-TN-II-1 and SMIF-TN-II-2 Program assisted by KfW. A sum of ₹ 797.55 crores 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 shall be in accordance with the terms and conditions laid down in the Loan Agreement, Project Agreement and Separate Agreement executed with KfW and suggestions / guidelines / procedures prescribed by Government of India / Government of Tamil Nadu.

#### **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

- i. The purpose of grant meets the objectives as prescribed in the KfW GF-I guidelines;
- ii. The project uses the most appropriate process and cost effective technology and technical specifications;
- iii. The project is adequately funded;
- iv. The ULBs demonstrates financial and institutional capacity to operate and maintain the facilities constructed;
- v. 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, SMIF-TN-II-1 Program and SMIF-TN-II-2 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, SMIF-TN-II-1 Program and SMIF-TN-II-2 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 ₹ 797.55 crores has been allotted as grant, of which a sum of ₹ 131.40 crores (₹ 101.40 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 25 sub-projects under SMIF-TN-I Program, SMIF-TN-II-1 Program and SMIF-TN-II-2 Program, of which capital grant has been sanctioned for 23 sub-projects amounting to ₹ 307.52 crores under KfW Grant Fund-I. Of which a sum of ₹ 114.87 crores ( ₹ 101.03 crores under SMIF-TN and ₹ 13.84 crores under SMIF-TN-II-1) has been disbursed up to 31.03.2015. A sum of ₹ 4.98 crores (previous year ₹ 12.36 crores) has been disbursed during the financial year 2014-15 based on the progress of the project.

#### **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-2015 have been audited by M/s. Ponraj & Co, Chartered Accountants, Chennai.

#### **10. Consolidation of Grant Funds**

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Sustainability Grant Fund (by consolidating the three existing Grant Funds viz. Grant Fund-I, KfW Grant Fund-I and JBIC Grant Fund-I) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Sustainability Grant Fund.

**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 2015, 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, 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 and G.O.(Ms). No.32, Municipal Administration & Water Supply (MA-II) Department, dated 17.02.2015 for implementation of Sustainable Municipal Infrastructure Financing in Tamil Nadu-Phase-II-Part-2 (SMIF-TN-II-2) 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 G.O.(Ms).No.40, Municipal Administration & Water Supply Department, dated 19.03.2009, G.O.(2D) No.122 Municipal Administration & Water Supply Department, dated 26.11.2013 and GO.(Ms) No.32 Municipal Administration & Water Supply Department, dated 17.02.2015}.

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:

- a. in the case of the Balance Sheet, of the state of affairs of the KfW GRANT FUND- I as at 31<sup>st</sup> March, 2015 and
- b. in the case of the Income and Expenditure Account, of the deficit of the Fund for the year ended that date.

Place : Chennai  
Date : 22.06.2015

For **Ponrai & Co,**  
Chartered Accountants  
Firm Regn. No.002672S  
Sd/-  
**N. Raghu Ram**  
Partner  
Membership No. 210771

**KfW Grant Fund - I**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	19,60,94,525	24,63,88,424
Current Liabilities	2	17,100	16,854
<b>Total</b>		<b>19,61,11,625</b>	<b>24,64,05,278</b>
<b>Application of Funds</b>			
Current Assets	3		
a.Cash and Cash Equivalents		19,61,11,625	24,64,05,278
b.Other Current Assets		0	0
<b>Total</b>		<b>19,61,11,625</b>	<b>24,64,05,278</b>
Notes including Significant Accounting Policies - Note 4 to 6			

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 : 22.06.2015

**(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 & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	82,754	1,93,245
On Deposit Accounts	0	53,274
<b>Total</b>	<b>82,754</b>	<b>2,46,519</b>
<b>Expenditure</b>		
Management Fee	5,59,553	13,88,770
Audit Fee - Statutory Audit	17,100	16,854
<b>Total</b>	<b>5,76,653</b>	<b>14,05,624</b>
Excess of Expenditure over Income transferred to Grant from Government	<b>(4,93,899)</b>	<b>(11,59,105)</b>
Notes including Significant Accounting Policies - Note 1 to 6		

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 : 22.06.2015

**(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)**  
**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	0	6,00,00,000
Interest Receipts	82,754	2,49,740
<b>Total</b>	<b>82,754</b>	<b>6,02,49,740</b>
<b>Payments</b>		
Disbursements to Urban Local Bodies	4,98,00,000	12,36,00,000
Management Fee	5,59,553	13,88,770
Audit Fees	16,854	16,854
<b>Total</b>	<b>5,03,76,407</b>	<b>12,50,05,624</b>
Surplus / (Deficit) for the year	(5,02,93,653)	(6,47,55,884)
Add: Opening Cash and Bank Balances	24,64,05,278	31,11,61,162
<b>Closing Cash &amp; Bank Balances</b>	<b>19,61,11,625</b>	<b>24,64,05,278</b>

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 : 22.06.2015

**(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)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note-1:</b>		
<b>Grant from Government</b>		
Balance at the beginning of the year	24,63,88,424	31,11,47,529
Add: Grant assistance received during the year	0	6,00,00,000
	<b>24,63,88,424</b>	<b>37,11,47,529</b>
Less: Disbursement to ULBs during the year	4,98,00,000	12,36,00,000
Excess of Expenditure over Income transferred from Income & Expenditure Account	4,93,899	11,59,105
<b>Total</b>	<b>19,60,94,525</b>	<b>24,63,88,424</b>
<b>Note-2:</b>		
<b>Current Liabilities</b>		
Audit Fee payable	17,100	16,854
<b>Total</b>	<b>17,100</b>	<b>16,854</b>
<b>Note -3:</b>		
<b>Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Account with Bank	3,49,625	6,43,278
ii. In Deposit Account with Banks	0	0
iii. In Public Deposit Account with Bank	19,57,62,000	24,57,62,000
	<b>19,61,11,625</b>	<b>24,64,05,278</b>
<b>b. Other Current Assets</b>		
i. Accrued interest on Deposits	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>19,61,11,625</b>	<b>24,64,05,278</b>

# **KfW Grant Fund - I**

## **(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

### **Note-4: 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, G.O.(2D) No.122 Municipal Administration & Water Supply Department, dated 26.11.2013 and GO.(Ms) No.32 Municipal Administration & Water Supply Department, dated 17.02.2015, TNUIFSL is eligible for a fee of 1% of the disbursement made out of the KfW Grant Fund-I.

#### **d. Transfer of surplus / deficit**

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 31.03.2015**

### **Note-5: 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.

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

---

Signature to Notes 1 to 6

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 : 22.06.2015

**(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 2014 - 2015**

#### **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). The completion period of SMIF-TN Program is 31st December 2015.

Further, the GoTN has accorded its Administrative Sanction vide G.O. Ms. No.32, Municipal Administration & Water Supply (MA-II) Department, dated 17.02.2015 for implementation of Sustainable Municipal Infrastructure Financing in Tamil Nadu-Phase-II-Part-2 (SMIF-TN-II-2) Program assisted by KfW. The total outlay of SMIF-TN-II-2 is Euro 107.75 Million (about ₹ 877.39 crores) and the grant allocation to KfW GF II under SMIF-TN-II-2 is Euro 2.75 Million (about ₹ 22.39 crores). The GoTN in the above said G.O. has also prescribed guidelines for operation and management of KfW GF-II under SMIF-TN-II-1 Program. The completion period of SMIF-TN-II-2 Program is 31st December 2019.

#### **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 and SMIF-TN Program-II-2 Program assisted by KfW. A sum of ₹ 13 crores under SMIF-TN-I Program and ₹ 22.39 crores under SMIF-TN-II-2 has been 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 2014-15**

A sum of ₹ 35.39 cores (₹ 13 cores under SMIF-TN Program and ₹ 22.39 cores under SMIF-TN-II-2 Program) has been allotted to KfW GF-II. Of which, a sum of ₹ 13 cores under SMIF-TN Program has been released by Government to KfW GF-II up to 31.03.2015.

A sum of ₹ 3.63 cores (previous year ₹ 6.01 crores) has been disbursed to the consultants during the financial year 2014-2015. In total, a sum of ₹ 10.99 crores has been disbursed up to 31.03.2015.

## **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-2015 have been audited by M/s. Ponraj & Co, Chartered Accountants, Chennai.

## **10. Consolidation of Grant Funds**

The Government vide G.O.(Ms) No.94 Municipal Administration and Water Supply (MA2) Department dated 01.07.2015 have issued orders for creation of Project Development Grant Fund (by consolidating the four existing Grant Funds viz. Grant Fund-II, KfW Grant Fund-II, JBIC Grant Fund-II and Project Preparatory Grant Fund) with effect from 01.04.2015. The Government in the above said G.O has further ordered the closure of above said Grant Funds and transfer of funds available to Project Development Grant Fund.

**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 2015, 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 and G.O.(Ms). No.32, Municipal Administration & Water Supply (MA-II) Department, dated 17.02.2015 for implementation of Sustainable Municipal Infrastructure Financing in Tamil Nadu-Phase-II-Part-2 (SMIF-TN-II-2) 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 G.O.(Ms).No.61, Municipal Administration & Water Supply Department, dated 06.04.2009 and G.O.(Ms).No.32, Municipal Administration & Water Supply (MA-II) Department, dated 17.02.2015).

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:

- a. in the case of the Balance Sheet, of the state of affairs of the KfW GRANT FUND-II as at 31<sup>st</sup> March, 2015 and
- b. in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended that date.

Place : Chennai  
Date : 22.06.2015

For **Ponrai & Co,**  
Chartered Accountants  
Firm Regn. No.002672S  
Sd/-  
**N. Raghu Ram**  
Partner  
Membership No. 210771

**KfW Grant Fund - II**  
**(Grant Fund of Government of Tamil Nadu)**  
**Balance Sheet As At 31.03.2015**

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>Sources of Funds</b>			
Grant from Government	1	2,70,51,390	4,30,96,765
Current Liabilities	2	13,680	13,483
<b>Total</b>		<b>2,70,65,070</b>	<b>4,31,10,248</b>
<b>Application of Funds</b>			
Current Assets	3		
a. Cash and Cash Equivalents		2,34,53,857	4,29,54,559
b. Term Deposit with Companies		35,00,000	0
c. Other Current Assets		1,11,213	1,55,689
<b>Total</b>		<b>2,70,65,070</b>	<b>4,31,10,248</b>
Notes including Significant Accounting Policies - Note 4 to 6			

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 : 22.06.2015

**(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)

**Income & Expenditure Account for the period ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	1,09,160	75,833
On Deposit Accounts	5,53,445	7,62,206
<b>Total</b>	<b>6,62,605</b>	<b>8,38,039</b>
<b>Expenditure</b>		
Management Fee	4,07,353	6,19,670
Audit Fee - Statutory Audit	13,680	13,483
<b>Total</b>	<b>4,21,033</b>	<b>6,33,153</b>
Excess of Income over Expenditure transferred to Grant from Government	<b>2,41,572</b>	<b>2,04,886</b>
Notes including Significant Accounting Policies - Note 1 to 6		

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 : 22.06.2015

**(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 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	2,00,00,000	9,00,00,000
Interest Receipts	7,07,081	12,22,947
<b>Total</b>	<b>2,07,07,081</b>	<b>9,12,22,947</b>
<b>Payments</b>		
Disbursements to Consultants	3,62,86,947	6,00,84,922
Management Fee	4,07,353	6,19,670
Audit Fees	13,483	13,483
Term Deposit with Companies	35,00,000	0
<b>Total</b>	<b>4,02,07,783</b>	<b>6,07,18,075</b>
Surplus / (Deficit) for the year	(1,95,00,702)	3,05,04,872
Add: Opening Cash and Bank Balances	4,29,54,559	1,24,49,687
<b>Closing Cash &amp; Bank Balances</b>	<b>2,34,53,857</b>	<b>4,29,54,559</b>

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 : 22.06.2015

**(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)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note-1: Grant Funds</b>		
Balance at the beginning of the year	4,30,96,765	1,29,76,801
Add: Grant assistance received during the year	2,00,00,000	9,00,00,000
Excess of Income over Expenditure carried from Income and Expenditure Account	2,41,572	2,04,886
	<b>6,33,38,337</b>	<b>10,31,81,687</b>
Less: Disbursement to consultants	3,62,86,947	6,00,84,922
<b>Total</b>	<b>2,70,51,390</b>	<b>4,30,96,765</b>
<b>Note -2: Current Liabilities</b>		
Audit Fees Payable	13,680	13,483
<b>Total</b>	<b>13,680</b>	<b>13,483</b>
<b>Note -3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Account with Bank	4,53,857	5,54,559
ii. In Deposit Account with Banks	30,00,000	76,00,000
iii. In Public Deposit Account with Bank	2,00,00,000	3,48,00,000
	<b>2,34,53,857</b>	<b>4,29,54,559</b>
<b>b. Term Deposit with Companies</b>	35,00,000	0
<b>c. Other Current Assets</b>	<b>35,00,000</b>	<b>0</b>
i. Accrued interest on Deposits	1,11,213	1,55,689
	<b>1,11,213</b>	<b>1,55,689</b>
<b>Total</b>	<b>2,70,65,070</b>	<b>4,31,10,248</b>

## **KfW Grant Fund - II**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

### **Note-4: 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 and G.O.(Ms). No.32, Municipal Administration & Water Supply (MA-II) Department, dated 17.02.2015, 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 31.03.2015**

### **Note-5: 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 consultancy services. The objectives of the Fund are to finance the cost of technical assistance for strengthening of the planning and implementation capacities of ULBs in Tamil Nadu and Tamil Nadu Urban Infrastructure Financial Services Limited (Project Executing Agency)

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

---

Signature to Notes 1 to 6

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 : 22.06.2015

**(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 2014-15**

### **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:

- Principal Secretary to Government, MA&WS Department,
- Managing Director, Chennai Metropolitan Water Supply and Sewerage Board,
- Secretary to Government (Expenditure), Finance Department,
- Chairperson and Managing Director, Tamil Nadu Urban Infrastructure Financial Services Limited,
- 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 (amended up to date) shall be applicable for procurement of works, goods and services.

## **8. Performance**

A sum of ₹ 2367.20 crores has been sanctioned as grant for implementation of various projects costing to ₹ 2643.19 crores. A sum of ₹ 250.00 crores (previous year ₹ 500.00 crores) has been released by Government of Tamil Nadu to CMCDF during the financial year 2014-2015. A sum of ₹ 438.82 crores (previous year ₹ 476.09 crores) has been disbursed to Chennai Corporation, CMWSSB and other consultancies during the financial year 2014-2015. In total, a sum of ₹ 1250.00 crores has been released by Government, of which a sum of ₹ 1088.98 crores has been disbursed to Chennai Corporation, CMWSSB, other consultancies and expenses up to 31.03.2015.

## **9. Accounts and Audit**

The Annual Accounts for the financial year 2014-15 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 2015, 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 G.O.(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 G.O.(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 G.O.(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:

- a. in the case of the Balance Sheet, of the state of affairs of the Chennai Mega City Development Fund as at 31st March, 2015 and
- b. in the case of the Income and Expenditure Account, the deficit of the Fund for the year ended that date.

Place: Chennai  
Date : 22.06.2015

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

# CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Balance Sheet As At 31.03.2015

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
		(₹)	
<b>SOURCES OF FUNDS</b>			
Grant from Government	1	160,95,64,286	350,02,25,145
Current Liabilities	2	13,680	13,483
<b>Total</b>		<b>160,95,77,966</b>	<b>350,02,38,628</b>
<b>Application of Funds</b>			
Current Assets	3		
a.Cash and Cash Equivalents		160,95,77,966	350,02,38,628
<b>Total</b>		<b>160,95,77,966</b>	<b>350,02,38,628</b>
Notes including Significant Accounting Policies - Note 4 to 6			

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 : 22.06.2015

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



**CHENNAI MEGA CITY DEVELOPMENT FUND**  
**(Grant Fund of Government of Tamil Nadu)**  
**Income & Expenditure Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Income</b>		
Interest earned		
On Savings Bank Account	22,861	26,319
<b>Total</b>	<b>22,861</b>	<b>26,319</b>
<b>Expenditure</b>		
Management Fee	24,64,561	3,42,107
Audit Fee - Statutory Audit	13,680	13,482
<b>Total</b>	<b>24,78,241</b>	<b>3,55,589</b>
Excess of Expenditure over Income transferred to Grant from Government	<b>(24,55,380)</b>	<b>(3,29,270)</b>
Notes including Significant Accounting Policies - Note 1 to 6		

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 : 22.06.2015

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

**CHENNAI MEGA CITY DEVELOPMENT FUND**  
**(Grant Fund of Government of Tamil Nadu)**  
**Receipts & Payments Account for the year ended 31.03.2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	(₹)	
<b>Receipts</b>		
Grant from Government	250,00,00,000	500,00,00,000
Interest Receipts	22,861	26,319
<b>Total</b>	<b>250,00,22,861</b>	<b>500,00,26,319</b>
<b>Payments</b>		
Disbursements	438,82,05,479	476,09,46,800
Management Fee	24,64,561	3,42,107
Audit Fees	13,483	13,483
<b>Total</b>	<b>439,06,83,523</b>	<b>476,13,02,390</b>
Surplus / (Deficit) for the year	(189,06,60,662)	23,87,23,929
Add: Opening Cash and Bank Balances	350,02,38,628	326,15,14,699
<b>Closing Cash &amp; Bank Balances</b>	<b>160,95,77,966</b>	<b>350,02,38,628</b>

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 : 22.06.2015

## CHENNAI MEGA CITY DEVELOPMENT FUND

(Grant Fund of Government of Tamil Nadu)

Notes forming part of the Financial Statements for the year ended 31.03.2015

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹)	
<b>Note -1: Grant from Government</b>		
Balance at the beginning of the year	350,02,25,145	326,15,01,215
Add: Grant assistance received during the year	250,00,00,000	500,00,00,000
	<b>600,02,25,145</b>	<b>826,15,01,215</b>
Less: Disbursement during the year	438,82,05,479	476,09,46,800
Excess of Expenditure over Income transferred from Income & Expenditure Account	24,55,380	3,29,270
<b>Total</b>	<b>160,95,64,286</b>	<b>350,02,25,145</b>
<b>Note -2: Current Liabilities</b>		
Audit Fee payable	13,680	13,483
<b>Total</b>	<b>13,680</b>	<b>13,483</b>
<b>Note -3: Current Assets</b>		
<b>a. Cash and Cash Equivalents</b>		
i. In Savings Bank Account with Bank	9,77,966	2,38,628
ii. In Public Deposit account with Bank	160,86,00,000	350,00,00,000
<b>Total</b>	<b>160,95,77,966</b>	<b>350,02,38,628</b>

# **CHENNAI MEGA CITY DEVELOPMENT FUND**

**(Grant Fund of Government of Tamil Nadu)**

**Notes forming part of the Financial Statements for the year ended 31.03.2015**

## **Note-4: 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 Account**

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 31.03.2015**

### **Note-5: 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

**Note-6:** Previous year's figures have been regrouped / reclassified wherever necessary.

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Signature to Notes 1 to 6

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 : 22.06.2015



**TAMIL NADU URBAN DEVELOPMENT FUND**

No. 19, T.P. Scheme Road, Raja Street Extension,  
Raja Annamalaipuram, Chennai - 600 028.

Phone : 044-24643103, 24643104, 24643105 Fax: 24613106

Website : [www.tnuifsl.com](http://www.tnuifsl.com)