

Audited Project Financial Statements

Project Number: 43253-025
Loan/Grant Number: 3148
Period covered: 01 April 2015 – 31 March 2016

IND: Karnataka Integrated Urban Water Management Investment Program – Tranche 1

Prepared by Karnataka Urban Infrastructure Development & Finance Corporation Ltd.,
(KUIDFC)

For the Asian Development Bank
Date received by ADB: 29 September 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the KUIDFC.



No. KUIDFC/FIN/ADB/AUD-APA/2016-17/

September 21, 2016

Ms. M. Teresa Kho,
Country Director,
Asian Development Bank,
India Resident Mission,
P.O.Box-5331,4, San Martin Marg,
Chanakyapuri,
New Delhi - 110 021

Madam,

Sub : ADB assisted KIUWMI Project - Loan No. 3148 IND - Project 1 -
Submission of audited Annual Financial Statement (AFS) and Audited
Project Accounts (APA) - FY 2015-16 - Reg.

* * *

With reference to the subject cited above, as per the project agreement requirement, we are forwarding herewith audited Annual Financial Statement (AFS) for FY 2015-16 and Audited Project Accounts (APA), certificate of verification audit dated 19.09.2016 under KIUWMI Loan No. 3148 IND - Project-1, for the FY 2015-16, issued by M/s. SNR & Company, Chartered Accountants, Bangalore for your information and records.

Thanking you,

Yours faithfully,

General Manager - Project Finance

Encl : As above

Copy to :

1. Joint Secretary (MI), DEA, Ministry of Finance, North Block, New Delhi.
2. Controller of Aid Accounts & Audit, Ministry of Finance (DEA), 5th Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi - 110 001.
3. Additional Secretary to Govt. (FR), Finance Dept, 1st Floor, 3rd Stage, M.S Building, Bangalore

INDEPENDENT AUDITOR'S REPORT

To
Managing Director,
Karnataka Urban Infrastructure Development and Finance Corporation Limited,
Bangalore.

We have audited the accompanying Project Financial Statements of KARNATAKA INTEGRATED'S URBAN WATER MANAGEMENT INVESTMENT PROGRAM (KUIWMIIP) ("Project") assisted by Asian Development Bank ("ADB") under Multi tranche Financing Facility and Loan No 3148-IND("Loan") implemented by KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED("the company") which comprise of Project Balance Sheet as of March 31,2016, Statement of Receipt and Payments, and Statement of Expenditure for the year ended and other explanatory information.

Project Management's Responsibility for the Project Financial Statements

Project Management is responsible for the preparation and fair presentation of the accompanying statements in format agreed between ADB and GOI/GOK as noted in the minutes of negotiations for the loan, in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Companies Act 2013 ("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 safeguarding the assets of the company and for preventing and detecting frauds and 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 control, that were operating effectively for ensuring the accuracy and completeness of accounting record, relevant to the preparation and presentation of these Project financial statements that give 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 Project 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 thereunder.

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 Project financial statements are free from material misstatement.



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Email : snr@snr.net.in Web : www.snr.net.in

SNR & Company
Chartered Accountants

An audit involves examining, on a test basis, performing procedures to obtain audit evidence supporting the amounts, internal checks 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 financial control relevant to the entity's preparation of the Project financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. There are inherent limitations of audit whereby material misstatement arising due to fraud and error may not be detected.

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 aforementioned project financial statements and appended notes that are subject of audit give a true and fair view, in all material aspects to the financial position of the Project as at 31st March 2016, and are in accordance with Accounting Standards prescribed in India.

The proceeds of funds under the project loan have been utilized for the purposes for which they have been provided as agreed in Loan agreement between the ADB and GoI, and that no proceeds of the loan have been utilized for other purposes.

The Company has generally complied with covenants of the loan agreement as at the date of balance sheet and major deviations having significant impact on the project are not observed.

With respect to statement of Expenditure, adequate supporting documentation has been maintained to support claims to the ADB for reimbursements of expenditure eligible and incurred for financing under Loan agreement.

The Company has not availed any Imprest Account under this loan and as a result the use and procedure of Imprest Account are not applicable.

The Project financial statements of the KRUWMP for the loan for the year ended March 31, 2016 are prepared, in all material respects, in accordance with the financial reporting provisions of Multi-tranche Financing Facility implemented by the company under ADB Loan.



SNR & Company
Chartered Accountants

Basis of Accounting

Without modifying our opinion, the Project financial statements are prepared to provide information to ADB under Multi-tranche Financing Facility under ADB Loan. As a result, the statement may not be suitable for other purpose.

For SNR & Company
Chartered Accountants
ICAI Firm's Registration No. 014401



Ritesh Sharma
Partner

ICAI Membership No.210900
Bangalore: 19th September, 2016.



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of IA : Respective ULBs / KUIDFC

Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMP) - PROJECT 1

Loan / Grant No : 3148 IND

**STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016**

In (INR) '000

Particulars	Note reference	During the Current Year for 12 month period	During the Previous Year for 12 month period	Cumulative project to date As at /end of CURRENT Year
Opening Balance (A)		1,50,663	1,50,000	
Receipts				
Funds received from Government		3,75,000	1,50,000	6,75,000
ADB Loan				
ADB Grant				
Co - financier 1				
Co - financier 2				
Beneficiary Contribution (if any)				
Other receipts such as interest income, sale from disposals of fixed assets etc.		(67,319)	64,120	(1,782)
Total Receipts (B)		3,07,681	2,14,120	6,73,217
Total (C = A + B)		4,58,344	3,64,120	6,73,217
Payments				
Investment costs				
Civil Works		2,25,453	1,72,750	3,98,203
Equipments				
Other cost - Land Acquisition			33,613	13,613
Total Investments (D)		2,25,453	1,86,363	4,11,816
Recurrent Costs				
Consultancy and Administration		41,628	27,094	70,138
Total Payments (E)		2,67,081	2,13,457	4,81,954
Financing Charges During Implementation (F)		9	-	9
Total Project Cost (F = E + F)		2,67,090	2,13,457	4,81,963
Closing Balance (C - F)		1,91,254	1,50,663	1,91,253

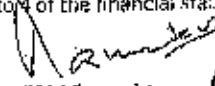
1. If cash balance are controlled by the entity, indicating cash balance, imprest account and SGMA balance separately
2. These will include external assistance received by Government for the project

3. This shall include amounts received in the Bank Account as well as amounts deemed to be received against direct payments made by AOR to the suppliers of goods and services under Direct payment procedure and Commitment Letter Procedure

4. Expenditure categories are based on the cost allocation table as per Loan / Grant Agreement

5. Since financing charges met by GOI, the closing balance is C - E

Notes 1 to 5 of the financial statements form an integral part of these financial statements.


(J.C.M. Ramesh)
General Manager - Project Finance
KUIDFC




(Ritesh Sharma)
Partner M.No: 210900
SNR & Company, FRN 014401N



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED
 Name of IA : Respective ULBs / KUIDFC
 Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - PROJECT 1
 Loan / Grant No : 3148 IND

STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER
 REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

in (INR) '000

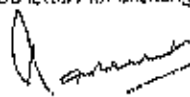

Particulars	ADB		Co-Financier		Government		Total Expenditure	
	Percentage of Financing	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount	%	Amount	%	Amount		%
Investment costs 2								
Civil Works	79%	3,15,875	79%		82,238	21%	3,98,203	
Equipments	89%	-	-		-	-	-	
Other cost - Land Acquisition	0%	-	0%		13,613	100%	13,613	
Consultancy and Administration	0%	-	0%		70,138	100%	70,138	
Total Cost		3,15,875	66%		1,66,079	34%	4,81,954	
% OF Total project Cost		6%			6%		6%	
Total Project Cost for indicative as at 31.3.2016		49,16,550			26,74,603		77,09,150	

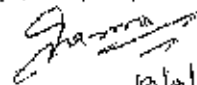
Note : 1. Loan Agreement signed 16th September 2014 and project was effective from

Note : INDICATIVE PROJECT COST AS AT 31.3.2016

Tranches	ADB	IFPF	GoK	Total
Tranche 1 - 3148 IND IN USD	75.00	1.80	40.80	117.60
Project cost in INR approximate @ 65.554 / USD in INR '000	49,16,550	1,17,997	26,74,603	77,09,150

Note : ADB letters for exchange rate indicate RBI indicative rate @ 65.554 / USD, the same is used for calculation indicative project cost


 (K.M. Kamesh)
 General Manager - Project Finance
 KUIDFC



 (Riteesh Sharma)
 Partner M.No: 210900
 SNR & Company, FRN
 19/4/16



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of IA : Respective ULBs / KUIDFC

Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - PROJECT 1

Loan / Grant No : 3148 IND

4. Funds Received from the Government

Give details of the government budgeting and funding mechanism

In (INR) '000			
Particulars	Current Year	Prior year	Cumulative Year to date
Government counterpart funding Amount Reimbursable to Government	3,75,000	1,50,000	6,75,000
Government of Karnataka has provided budgetary allocation and released the project funds to KUIDFC.			
Total	3,75,000	1,50,000	6,75,000

5. DATE OF AUTHORIZATION

Government of Karnataka has authorized the Budget releases through Government Orders on the dates indicated

Particulars	Current Year	Prior year
Government approved above funds through Government order dates as detailed in the respective years	27-Aug-15	13-Mar-13
	29-Dec-15	



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of IA : Respective ULBs / KUIDFC

Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - PROJECT 1

Loan / Grant No : 3148 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

Statement of Disbursement (Expenditure Incurred)

Details of the disbursement by method are given below

in (INR) '000

Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund Claimed during the year				
Reimbursement	6.1	2,27,091	1,72,750	3,99,841
submitted during the year		1,93,363	-	
Claims in the subsequent period		33,728	1,72,750	
Imprest Fund	6.2			
Direct payment	6.3			
Commitment Letter	6.4			
Subtotal	(A)	2,27,091	1,72,750	3,99,841
Total Expenditure made during the year	(B)	2,67,081	2,13,457	4,81,954
Add : prior year eligible	(C)	-	-	
Add : statutory remittances/deductions	(D)	1,638	-	1,638
Less : Borrower's share & Ineligible	(E)	41,628	40,707	83,751
Total Eligible Expenditure claimed (B + C + D - E = A)	(E)	2,27,091	1,72,750	3,99,841



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of IA : Respective ULBs / KUIDFC

Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIIP) - PROJECT 1

Loan / Grant No : 3148 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

6. Funds Received from ADB

Give key terms and conditions of the loan, including date of loan agreement, loan effectiveness date, key terms and conditions, disbursement schedule, commitment fee and interest rates etc.

In (INR) '000

ADB source of Funds - Method of Withdrawal	Note Reference	During the Current Year	During the Previous Year	Cumulative project to Date
ADB Loan				
- By Reimbursement Method	6.1	1,79,402	1,36,473	3,15,875
Reimbursement during the year		1,52,757		
Reimbursement in the subsequent period		26,645	1,36,473	
- By Imprest Account	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		1,79,402	1,36,473	3,15,875
ADB Grant				
ADB loan and Grant Total		1,79,402	1,36,473	3,15,875

6.1 Funds Received from ADB through Reimbursement Method

DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2015-2016

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016 - 2015 - 2016

Application No.	W/Appil. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing %	Not Eligible Expenses	Amount Reimbursed	Imprest Fund Replenish ed / Liquidate d	Total Disbursement Using SOE Procedure	Disbursement Procedure
1	2	3	4	5	6=4x5	7	8	9=7+8		
DISBURSEMENT CLAIMS of FY 2015-2016 SUBMITTED BEFORE 31ST MARCH 2016										
T1-0002	WA 002		01	22,337	79%	17,488	17,488		17,488	Documented
T1-0003	WA 003		01	72,019	79%	56,895	56,895		56,895	Documented
T1-0004	WA 004		01	33,437	79%	26,415	26,415		26,415	Documented
T1-0005	WA 005		01	7,876	79%	6,222	6,222		6,222	Documented
T1-0006	WA 006		01	26,178	79%	20,681	20,681		20,681	Documented
T1-0007	WA 007		01	31,716	79%	25,056	25,056		25,056	Documented
Total claim up to 31st March 2016				1,93,363		1,52,757	1,52,757		1,52,757	
Total claim after 31st March 2016										
T1-0008	WA 008		01	33,728	79%	26,645	26,645		26,645	Documented
Total claim after 31st March 2016				33,728		26,645	26,645		26,645	
GRAND TOTAL CLAIM FOR 2015-2016				3,27,091		1,79,402	1,79,402		1,79,402	

DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2014-2015

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2015 - 2014 - 2015

Application No.	W/Appil. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing %	Not Eligible Expenses	Amount Reimbursed	Imprest Fund Replenish ed / Liquidate d	Total Disbursement Using SOE Procedure	Disbursement Procedure
1	2	3	4	5	6=4x5	7	8	9=7+8		
DISBURSEMENT CLAIMS of FY 2014-2015 SUBMITTED AFTER 31ST MARCH 2016										
T1-0001	WA 001		01	1,72,730	79%	1,36,473	1,36,473		1,36,473	Documented
Total claim after 31st March 2015				1,72,730		1,36,473	1,36,473		1,36,473	



**Karnataka Integrated Urban Water Management Investment Program (KEUWMP) - Project 1 -
3148 IND**

Date of Loan Agreement : 30 December 2014
Date of Loan Effectiveness : 07 May 2015
Date of Physical Closure : 31 March 2019
Date of Financial Closure : 30 September 2019

KEY TERMS & CONDITIONS; INTEREST AND DISBURSEMENT

Section 2.01.

- (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of seventy five million Dollars (\$75,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.
- (b) The Loan has a term of 25 years, including a grace period of 5 years, as provided in Schedule 2 in the Loan Agreement

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Disbursement Procedures

Except as ADB may otherwise agree, all Goods, Works and Consulting Services to be financed out of the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook as amended from time to time.



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED
 Name of IA : Respective ULBs / KUIDFC
 Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - PROJECT 1
 Loan / Grant No : 3148 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

6.2 Reconciliation of the Imprest Account and the Bank Statement is given below

STATEMENT OF IMPREST ACCOUNT
 REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

Balance brought forward from previous period	In (INR) '000	
	Prior Year	Current Year
Add:		
Advance		
Replenishment received during the year/period		
Interest Earned		
Subtotal (A)		
	Imprest Account Not Availed	
Deduct:		
Repayments made during the year / period		
Replenishment/Liquidation		
Expenditure yet to be claimed		
Amount refunded during the year/period		
Closing Balance (B)		
As per Bank Statement (Copy attached)	Imprest Account Not Availed	

6.2.1 The US \$ equivalent notional amount held at the RBI in respect of the above imprest Account balance is - US \$ (bank statement attached)

Not Applicable since Imprest Account Not Availed

6.3 Details of Payments made directly by ADB are given below

Not Applicable since no direct payments by ADB under the project

6.4 Details of payments made through commitment procedure

Not Applicable since no commitment procedure used

6.5 Details of Grants

Not Applicable since no Grants given by ADB



Name of EA - KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of EA / Respective ULBs / KUIDFC

Name of the Project - Karnataka Integrated Urban Water Management Investment Program (KIUWMIIP) - PROJECT 1

Loan / Grant No - 3149 IND

NOTES TO THE FINANCIAL STATEMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

a.1 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

Application No.	Project No.	SOE sheet No.	Category	Total amount paid (in lakhs / Amount)	ADB Financing %	Not Eligible Expenses	Amount Disbursed	Impact Fund / responsibilities / Utilized	Total Disbursement under SOE Procedure	Disbursement Procedure
1	2	3	4	5	6=4*5	7	8	9=7*8		SOE

The financing percentages within the table for ADB (as per loan agreement schedule 1)



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of IA : Respective ULBs / KUIDFC

Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - PROJEC

Loan / Grant No : 3148 IND

NOTES TO THE FINANCIAL STATEMENTS

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2016

If any of the amounts given on the Statements of Receipts and Payments require further detail or Break-down, provide this here against relevant Note

In (INR) '000

Particulars	Current Year	Prior year	Cumulative Year to date
I) Expenditures by Component for Tranche 1			
Works			
Sanitation Infrastructure			
Davanagere - 01DVG01	61,166	1,10,000	1,71,166
Davanagere - 01DVG01 A	74,906	-	74,906
Harihara - 01HRA01	92,700	62,750	1,55,450
Byadagi - 01BDG01	10,371	-	10,371
statutory remittances	(13,690)	-	(13,690)
Equipments			
Consultancy & Administration expenses including advances	41,628	27,094	70,138
Total Expenditure	2,67,081	1,99,844	4,68,341
II) Land Acquisition	-	13,613	13,613
Total Expenditure - (I + II) - Loan 3148 IND	2,67,081	2,13,457	4,81,954



Name of Co. : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED
 Name of IA : Hospet Gas Bill / AUIDFC
 Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIUWMIIP) - PROJECT 1
 Loan / Grant No. : 3140 INR

STATEMENT OF APPLICABLE ITRN VS ACTUAL

in INR '000

Cost Categories	For the Current Year (till 2010)				For the Prior Year (till 2009)				Cumulative from (beginning of project) to year in situ			
	Outlets Expenditure	Actual Expenditure	Utilization Percentage	Balance	Budgeted Expenditure	Actual Expenditure	Utilized Percentage	Variance	Budgeted Expenditure	Actual Expenditure	Utilization Percentage	Variance
	in INR '000	in INR '000	%	in INR '000	in INR '000	in INR '000	%	in INR '000	in INR '000	in INR '000	%	in INR '000
II Expenditure by Component for Tranche 1												
Water	1,44,063	2,25,453	97%	19,625	2,03,000	2,27,750		24,750	4,45,043	3,08,300	90%	66,743
Sanitary & Construction												
Contingency & Amdt un liquid advances	41,528	11,575	12%	30,000	30,000	21,294	97%	8,706	71,525	70,138	50%	1,387
Total	1,85,591	2,37,028	95%	19,625	2,33,000	2,49,044	94%	33,556	4,16,568	3,78,438	90%	68,130
III Land Acquisition					13,613	13,613			13,613	13,613	100%	
Total Expenditure - (I + II + III)	1,85,591	2,37,028	95%	19,625	2,46,613	2,62,657	90%	33,556	4,30,181	3,92,051	91%	68,130
Financing Charges During Implementation												
Total Project Cost	1,85,591	2,37,028	95%	19,625	2,46,613	2,62,657	90%	33,556	4,30,181	3,92,051	91%	68,130
Grand Total in Expenditure in ITRN		4,074				4,032				7,520		



Name of EA : KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED
 Name of IA : Respective ULBs / KUIDFC
 Name of the project : Karnataka Integrated Urban Water Management Investment Program (KIWIWIP) - PROJECT 1
 Loan / Grant No : 3149 IRE

EXPENDITURE BY OUTPUT COMPONENTS

In (INR) '000

Cost Categories	Undruggable common cost:			Output 1			Output 2			Total Expenditure		
	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date
I) Expenditures by Component for Tranche 1												
Wages	1,72,750	2,25,453	3,98,203	1,71,750	2,25,453	3,98,203				1,72,750	2,25,453	3,98,203
Contractors	-	-	-	-	-	-				-	-	-
Consultancy & Audits and advances	27,094	41,628	70,128	27,094	41,628	70,128				27,094	41,628	70,128
Total	1,99,844	2,67,081	4,68,331	1,98,844	2,67,081	4,68,331				1,99,844	2,67,081	4,68,331
II) Land Acquisition												
	12,613	-	12,613	12,613	-	12,613				12,613	-	12,613
Total Expenditure - (I + II)	2,12,457	2,67,081	4,81,954	2,11,457	2,67,081	4,81,954				2,12,457	2,67,081	4,81,954
Outstanding Charges During Implementation												
	-	-	-	-	-	-				-	-	-
Total Project Cost	2,12,457	2,67,081	4,81,954	2,11,457	2,67,081	4,81,954				2,12,457	2,67,081	4,81,954
% of Total project Cost												



Karnataka Urban Infrastructure Development and Finance Corporation Ltd, Bangalore.
 ADB assisted KIUWMI Programme Loan No.3148 IND Balance Sheet as at 31st March 2016
 CIN No. U05110(GA)1993SGC014869

PARTICULARS	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
		₹	₹
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital		-	-
Reserves & Surplus	1	7,63,103	1,33,813
Non-Current Liabilities			
Other Long Term Liabilities	2	15,67,91,175	5,70,07,823
Long Term Provisions		-	-
Current Liabilities			
Short Term Borrowings	3	13,76,357	6,66,92,731
Other Current Liabilities	4	25,26,44,887	12,89,02,375
Short Term Provisions		-	-
TOTAL OF EQUITY & LIABILITIES		41,15,75,222	25,27,36,742
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets		7,63,103	1,33,813
Intangible Assets		-	-
Deferred Tax Assets (Net)		-	-
Long-Term Loans and Advances	5	15,67,91,175	5,70,07,823
Current Assets			
Cash and Bank Balances	6	19,12,62,236	15,06,52,599
Short-Term Loans and Advances	7	4,86,91,571	3,11,36,732
Other Current Assets	8	1,39,07,137	1,37,95,725
TOTAL OF ASSETS		41,15,75,222	25,27,36,742
Notes on Financial Statements	1 to 15		

Notes referred above are an integral part of Financial Statements

Place : Bengaluru

Date : 19-09-2016

For KUIDFC Ltd

(K.M.Kanwar)
 General Manager - Project Finance
 KUIDFC



As per our report of even date
 for SNR & Company
 Chartered Accountant

(Ritesh Sharma)
 Partner M.No. 210902
 SNR & Company, HRN 014501



ADB assisted KIUWM Programme Loan No 3148 IND- Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	₹	₹
1. Reserves & Surplus		
Project Reserve:		
Balance as per previous Balance Sheet	1,33,813	
Add: Grants Utilised towards:		
(i) Fixed Assets	6,29,290	1,33,813
Less: Deletion/Adjustment of Fixed Assets	-	-
TOTAL	7,63,103	1,33,813
2. Other Long Term Liabilities		
Outstanding Principal Due to GOX-UIDF-KF	15,67,91,175	5,70,07,823
TOTAL	15,67,91,175	5,70,07,823
3. Short Term Borrowings		
Inter Project Payable	13,76,357	6,66,92,731
TOTAL	13,76,357	6,66,92,731
4. Other Current Liabilities		
Government of Karnataka A/c. (KIUWM Project) #	15,17,18,704	12,46,64,926
Other Payables *	10,07,25,823	42,37,447
TOTAL	25,26,44,527	12,89,02,373
5. Long-term loans and advances		
Outstanding KIUWM Project Loan Due from IA's **	15,67,91,175	5,70,07,823
TOTAL	15,67,91,175	5,70,07,823
6. Cash and Bank/Treasury Balances		
PD A/c with State Govt- KIUWMIP	10,50,00,000	7,80,00,000
Vijaya Bank-Davangere - KIUWMIP	2,81,477	-
Vijaya Bank-Indiranagar- KIUWMIP	8,59,80,759	7,56,62,599
TOTAL	19,12,62,236	15,06,62,599
7. Short-Term Loans and Advances		
Advance to Consultants ##	5,67,601	1,27,04,750
Advance to Staff	1,126	-
Other Receivable **	4,51,23,143	1,72,74,991
Inter Project Receivable	31,59,701	11,36,991
TOTAL	4,80,51,571	3,11,36,732
8. Other Current Assets		
Tax Deducted at Source on Deposits ##	1,39,637	28,275
Other Advances - ##	1,37,67,500	1,37,67,500
TOTAL	1,39,07,137	1,37,95,775



9. DETAILED PROJECT DESCRIPTION

Project 1 of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) (the Project) supports improvements in urban infrastructure and services in the following 3 ULBs: Byadagi, Davangere and Harihar, and institutional development, improved municipal management and project implementation capacity across the State. The Project has the following components:

Output 1.1: Water Supply Infrastructure

This output comprises rehabilitation and expansion of potable water supply systems in the 3 ULBs: Byadagi, Davangere and Harihar. The following will be the specific outputs under this component:

- (i) Rehabilitation and expansion of water treatment plants (WTPs) -- 13 MLD capacity in Harihar, 14 MLD capacity in Davanagere;
- (ii) Construction of new WTPs -- 15 MLD capacity in Harihar;
- (iii) Rehabilitation and expansion of storage reservoirs -- 2 reservoirs in Harihar, 11 reservoirs in Davanagere and 1 reservoir in Byadgi;
- (iv) Construction of new transmission mains -- 11 Km in Harihar and 35 Km in Davanagere;
- (v) Construction of new distribution network -- 157 km in Harihar, 800 Km in Davanagere and 100 Km in Byadgi km; and
- (vi) Procurement and installation of 120 bulk meters and around 82,000 household meters for all 3 ULBs.

Output 1.2: Sanitation Infrastructure

This output comprises expansion of sewerage systems in the following 3ULBs. The following will be the specific outputs under this component:

- (i) Construction of new sewer network -- 72 Km in Harihar, 214 Km in Davanagere and 79 Km in Byadgi;
- (ii) Construction of new lift stations -- 4 lift stations in Harihar;
- (iii) Construction of new sewage treatment plants (STPs) -- 5 MLD capacity in Byadagi, 20MLD capacity in District 1 and 1a and 5 MLD capacity in District 3 in Davanagere and 18 MLD capacity in Harihar; and
- (iv) Provision of 5,087 toilets across the 3 ULBs .



Output 2: Improved water resource planning, monitoring and service delivery

This component will finance in Tranche 1:

- (i) A first installment for the ULB Incentive Fund;
- (ii) Preparation of 4 IF-based modules for volumetric tariff setting, water accounting and effluent discharge and improved MIS and Asset Management and testing in 3 Project 1 Towns;
- (iii) PSP approaches in water and sewerage service delivery.
- (iv) The preparation of the public communication and awareness program and materials.

Output 3: Strengthened capacity

This component comprises the following specific outputs:

- (i) Professional services to assist KUIDFC prepare strategic documents to enhance their financial intermediation capacity;
- (ii) Project management and design and construction supervision services for Project 1;
- (iii) Training programs for developing administrative and water management capacity at ULB level in 3 Project 1 towns.

Cost Estimates

The total cost of the Loan is estimated at US\$227 million. The Government of India will onlend the proceeds of the loans under the MFF to GoK on the same terms and conditions as the ADB loans. The financing plan for the Investment Program and the first PFR are presented in Table

Table : Financing Plan of the Investment Program and First PFR
(\$ million)

Source	Investment Share		Tranche I Share	
	Program (\$ Mn)	(%)	(\$ Mn)	(%)
ADB	150.0	66.1	75.0	63.8
UPPF	2.0	0.9	1.8	1.5
GoK and other agencies	75.0	33.0	40.8	34.7
Total	227.0	100	117.6	100

Source: Asian Development Bank estimates.

Programme Period

The project is expected to be completed by 31st March 2019. The loan closing date is 30th September 2019.



Additional Notes:

10. The department of company affairs vide notification no. S.o.1355 (e) dt 10.6.2011, notified KUIDFC as public financial institution (PFI) under sub - section (2) of section 4a of companies act 1956 so repealed under section 465 of companies act 2013.
11. Interest is calculated on the loan component of project releases as per govt. Orders subject to applicable moratorium on all projects handled by the company. The interest receivable is credited to Govt and debited to the respective implementing agencies.
12. There was no direct inflow of foreign currency during the year. However, during the year govt. of India has received in respect of KIUWMI project under loan no. 3148-IND a sum of us\$ 4,437,870 (US\$ nil), from Asian Development Bank.

(Source: Asian Development Bank -Loan Financial Information Services (LFIS))
13. As on march 31, 2016, the company has no outstanding dues to units covered by micro, small and medium industries development act, 2006.
14. Advances under project including EAP are released as per contractual terms against bill and adjustments are made in the running bill/monthly bills for contractor/ consultants/ NGO's. Advances given to IAs are adjusted against utilization certificates furnished as per the funding agencies guidelines.

15. SIGNIFICANT ACCOUNTING POLICIES:

15.1 General :

- i. The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the mandatory accounting standards as prescribed under section 133 of Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules,2014 (to the extent notified).
- ii. All items of Income and expenditure having a material bearing on the Company's Financial Statements are recognized on accrual basis except as stated otherwise.
- iii. Use of Estimates: The preparation of financial statements in conformity with the Principles in India requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of Assets, Liabilities, Income, Expenses and disclosures of contingent liability on the date of financial statements. Actual results could differ from those estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognized prospectively in Current and future Period.



15.2 Treatment of grants :

- i. The Company receives project specific grants both under externally aided projects and centrally sponsored schemes. To the extent grants are utilised for acquisition of fixed assets, equivalent amount is transferred from project grant account to capital reserve.
- ii. To the extent grants are utilised for release as loan to the Implementing Agencies, equivalent amount is transferred from Project grant account 'due to' respective scheme/project accounts. To the extent amounts are released as grant to the implementing agencies, the same is charged off against the grants received from the Government.

15.3 Revolving Funds:

- i. As per relevant Government Order, Mega City Revolving Fund (MCRF) under the centrally sponsored Mega City scheme and Urban Infrastructure Development Fund (UIDF) under Externally Aided Projects and Centrally Sponsored Schemes are maintained to which loan repayments by the Implementing Agencies, interest on loan component recovered from Implementing Agencies and earnings on deployment of unutilised project grants are credited on realisation basis.

15.4 Revenue Recognition:

- i. In accordance with GoK letter No. UDD 13 PRJ 06 dated 3.5.2006, in lieu of Management fee, the administrative expenses of the Company will be provided by the Government through the Budget.
- ii. Management Fee payable by GOK is recognized as income to the extent of administrative expenses of the respective financial year.

15.5 Fixed Assets :

- i. Fixed assets are stated at cost, less accumulated depreciation.
- ii. The depreciation is charged on non project assets over the useful lives of assets at the rates and manner stipulated under schedule II of the Companies Act, 2013 on Written Down Value method, commencing from the date the asset is available in the company for its use.
- iii. Leasehold Land is Amortized over the lease period.
- iv. Intangible Assets are amortized over their respective individual estimated useful lives on Written Down Value method, commencing from the date the asset is available in the company for its use.



- v. No depreciation is charged on the assets acquired under projects as the same are acquired out of the grants received under the specific projects. Residual cost if any, after setting off the value realised on disposal of such assets on completion of the project, shall be set off against the specific project grant.

15.6 Impairment of Assets:

- i. Assets belonging to the Company (not project Assets) are treated as impaired when the carrying cost of such assets exceed their recoverable value. Impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

15.7 Investments :

- i. Investments are classified as long term investments and stated at cost. No provision is made for temporary decline/increase in value of Investments.

15.8 Taxation :

- i. The provision for Income Tax is calculated in accordance with the relevant tax regulations applicable to the Company.
- ii. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liability are measured as per the tax rates/ laws that have been enacted or substantively enacted by the balance sheet date and are reviewed for appropriateness of their respective carrying values at each balance sheet date.

15.9 Retirement Benefits:

Provisions for/ Contributions to retirement benefits schemes are made as follows:

- i. Provident fund on actual liability basis.
- ii. Gratuity based on actuarial valuation through Group Gratuity Policy of LIC.
- iii. Leave Encashment benefits on actual liability basis.

Place : Bangalore
Date : 19-09-2016


(K.M. Ramesh)

General Manager - Project Finance



As per our report of even date
for SNR & Company,
Chartered Accountants

ERN: 014401N


(Ritesh Sharma)
Partner M.No: 210900





No.KUIDFC/FR/NKUSIP/MA/2016-17/

September 19, 2016

M/s.SNR & Company
Chartered Accountants
No 605, Second Floor,
62nd Cross, 5th Block,
Rajajinagar, Bangalore -560 010

Sir,

Sub: Management Assertion Letter - KIUWMIP Loan No.3148 IND

As per the recommendation of ADB, this assertion letter is provided in connection with your audit of the Annual Project related Financial Statements (APFS) of the KIUWMIP Loan 3148 IND for the year ended 31st March, 2016. This is acknowledged that our responsibility for the fair presentation of the Annual Project related Financial Accounts / Statements (APFS) are prepared under the Historical Cost Convention, on an Accrual Accounting basis followed by KUIDFC with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Companies Act 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014, and we confirm to the best of our knowledge and belief, the following representations made to you during the audit:

1. The project financial statements are free of material misstatements, including omissions.
2. Project funds have been used for the purposes for which they were provided
3. Project expenditures are eligible for financing under the loan agreement and Procurement procedures are as prescribed for the project have been followed
4. There have been no irregularities involving management or employees who have a significant role in internal control or that could have material effect on the project financial statements.
5. We have responded fully to all inquiries made to us by you during the examination
6. All related party transactions and contingent liabilities have been disclosed
7. There are no unrecorded transactions
8. We have made available to you all books of account and supporting documentation relating to the project
9. The project has complied with the conditions of the Loan Agreement and the Project Agreement.

Thanking you,

Yours faithfully,

General Manager (Project Finance)

SNR & COMPANY CHARTERED ACCOUNTANTS

The Managing Director,
Karnataka Urban Infrastructure Development &
Finance Corporation Ltd.
Nagarabhiruddhi Bhavan,
No 22, 17th F Cross, Old Madras Road,
Indiranagar, 2nd Stage,
Bangalore - 560 038

Dear Sir,

Sub : ADB assisted KIUMMIP - 3148 IND - Management Letter

We have audited the financial statements of **Karnataka Urban Infrastructure Development & Finance Corporation Limited, Bangalore** for the year ending 31st March 2016. In planning and performing our audit of **Karnataka Urban Infrastructure Development & Finance Corporation Limited, Bangalore**, we considered its internal accounting control structure in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal accounting control structure. We did not note any specific matters involving the internal accounting control structure and its operation that we consider to be material weaknesses in accordance with the standards referred to above.

This report is comprised of six sections.

1) Observations on the accounting records, systems and control.

The audit team has verified the following books and records at Corporate Office, Regional and Divisional office and Cell office at Hkal, Gadag and Davangere.

The project accounts for 'KIUWMI Project' are maintained in "Tally" accounting Software and the recordings of transactions are concurrent and adequate. Accounting is recorded classifying the works for **Tranche I (loan 3148 IND)**. Accounting in Tally is informative and sufficiently self explanatory and include the cash book, bank account transaction, journal book, day book, general ledger etc. The vouchers are manually prepared and maintained at the corporate office and project offices.

- 1.1 The Bank transactions are duly recorded and the periodical reconciliation has been made. The balance confirmation as on 31.03.2016 was obtained and verified.
- 1.2 The Cash on hand was verified during the audit and we have also seen on record the periodical verifications conducted by accredited officials.
- 1.3 The project has maintained the fixed asset transaction in the tally software.
- 1.4 The ledger accounts were reviewed with reference to Releases/Expenditure towards project, salary and establishment expenses, Rent Payments, Traveling Expenses etc., and deductions & remittances from salary bills and as well contributions to staff welfare schemes.



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1.5 The deductions on account of the income tax at source and remittances for the purpose of tax audit, vat, and other statutory dues have been verified at project site. The non-deductions and late remittances are not significant.

1.6 The Internal audit reports pertaining to the project available at the project site and at the corporate office have been verified and important points, if any, noted and due compliance to the reports verified. No major deficiencies have been reported during the year.

A. On the project implementation works was checked with reference to relevant agreements and the government of Karnataka orders, to cite few are:

- Loan agreement No. 3148 IND (Tranche - 1)
- Government of Karnataka proceedings No. UDD 214 PRJ 2013, dtd 20.09.2013.
- All other relevant records.

During the Course of audit the 'Running Accounts' bills, Measurement books, works certificate furnished by accredited officials were checked with respect to works at the respective RPMU, PMU and Head Office.

The System of account recording is adequately suitable for the business of the company and give information and data as may be required by the implementing agencies, the corporate office, the fund lending agencies and as well the government of the state. As the system is working and effective and no serious short coming noticed. The system is also time tested. The control mechanism is effective and no inadequacies seen by Audit.

II) Identify specific deficiencies and areas of weakness in system and controls and make recommendation for their improvement.

During the course of audit, we have not come across any major deficiency & Short comings.

III) Report on the degree of the compliance of the financial covenants on the financing agreements

The covenants are generally complied with. We have not seen any major deviations having significant impact on the project.

IV) Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project

We have not noticed any major deviations that may have a significant impact on the implementation of the project.

V) Comment on implementation of recommendations from previous management letter, including any issues which remain to be addressed and any issues which recurred.

According to the records perused by us and explanations given to us, there are no pending issues.

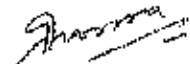


VI) Bring to the borrower's attention any other matters that the auditor considers pertinent.

There are no specific to comment to offer under this point.

Further, a copy of the Statutory audit report made under Sec 143(3) & (5) of the Companies Act, 2013 for the Financial Year 2015-16, which provides more details on the operations & systems prevailing in the Corporation and our comments on the same is enclosed to this letter as additional inputs.

for SNR & Company
Chartered Accountants



Ritesh Sharma
Partner
Membership No.210900
Firm's ICAI Registration No. 014401N



Place : Bangalore
Date : 19th Sep 2016

**Karnataka Urban Infrastructure Development and
Finance Corporation Limited**



**22nd Annual Report
2015- 2016**

Regd Office:

Nagarabhivruddi Bhavan,

22, 17th 'F' Cross, Old Madras Road, Near BMTC Bus Depot,

Indiranagar 2nd Stage, Bengaluru-560 038.

Tel No:080-25196124 -129 Fax: 080-25196110

Email: info@kuidfc.com

Website: www.kuidfc.com

CIN No. U85110KA1993SGC014869

INDEPENDENT AUDITORS' REPORT

To The Members of

Karnataka Urban Infrastructure Development & Finance Corporation Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Karnataka Urban Infrastructure Development Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Profit and Loss Statement, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone 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 misstatements.

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 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 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 standalone financial statements.



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SNR & Company
Chartered Accountants

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

The Company, as a nodal agency of Government of Karnataka (hereinafter referred to as 'GoK') for implementation, monitoring and management of funds of external aided projects and centrally sponsored scheme, has adopted and structured its accounting of expenses & receipts on actual basis in respect to Jawaharlal Nehru National Urban Renewal Mission (JNNURM) project. The company functions as a fund manager for implementation of the projects in the state of Karnataka. The funding pattern, while finalizing the project, includes Grant and Loan component to the Urban Local Bodies (ULBs) / Government agencies where the projects are implemented. The contractors are appointed by the respective commissioners and projects implemented by the ULBs/Agencies. Based on the progress of the work on the projects and certification by the concerned agencies, disbursements are made to the ULBs / Government agencies. The operational expenses/costs and connected revenue receipts/accretions are charged to the project concerned or taken to the appropriate revolving funds, where beneficial holding rests with GoK.

In the light of the policy and accounting method adopted by the company, the company is technically left with only operating funds to carry out its allocated nodal functions. The corporate expenses are charged and set off against the budgetary grants allocated by the GoK, leaving "no Profit no loss" status in its statement of Profit & loss. The short term and long term assets and liabilities, except corporate held assets, are held on behalf of GoK.

In the light of the position stated above, the applicability of various standards and representation of figures in financial statements are to be seen and read accordingly, though in variance with provisions of Accounting Standard No. 9 with respect to Note no. 17. In our opinion and to the best of our knowledge and according to the explanations given to us, the annexed financial statements together with notes forming part thereof give the information required by the Act in the manner so required and subject to:

- a) The operational fund (Interest free) requirement of Karnataka Water and Sanitation Pooled Fund (Trust) (KW&SPF) amounting to Rs. 1,19,37,329 /- (previous year Rs. 20,79,18,504/-) is initially met through the allocation from Karnataka Urban Infrastructure and Finance Corporation Limited in the course normal operation and no specific directive obtained from the Government. However the balance receivable towards this transfer to KW&SPF as at the year-end was nil.
- b) Note no. 17 - regarding the technical and management support, consultancy fees under JNNURM project, debited to Statement of Profit & Loss for the year and the reimbursement of the expenditure from GOI is accounted in the year of receipt. The amount of such expenditure debited pending reimbursement is Rs. 7.35 lakhs (previous year Rs. 18.24 lakhs).
- c) Note no. 20 - regarding interest on the loan component provided to the project's agencies and the reflection of the same as due payable to GoK and receivable from implementing Agencies.
- d) Note no. 27 - regarding adjustment of advances in respect of externally aided projects, given to implementing Agencies, NGOs, and others, being accounted on receipt of utilization report submitted by the respective agencies, in terms of the extant guidelines from the funding agencies.

Our opinion is not qualified in respect of above matters.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 (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 I a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. The Comptroller & Auditor General of India has issued direction indicating the areas to be examined in terms of sub section (5) of section 143 of the Companies Act 2013, compliance of which are set out in Annexure II.
3. 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone 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. According to Notification General Circular No 8/2002:No.02-05-2001 CL. V dated 22/03/2002 vide Para 8 (ii) of Department of Company Affairs, the provisions of section 164 of Companies Act, 2013 on the disqualification of the directors is not applicable to this company.
 - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure III.
 - g. 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 has disclosed the impact of pending litigations on its financial position in its financial statements in Note No 28 to the Standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts, if any.
 - iii. There were no amounts which were required to be transferred, to investor education and protection fund by the company.

For SNR & Company
Chartered Accountants
ICAI Firms Registration No: 014401N


Ritesh Sharma

Partner
Membership No 210900
Bengaluru
Date: 17th Aug 2016



Annexure I to the Independent Auditors' Report

The Annexure I referred to in our Independent Auditor's report to the members of the company on the financial statements for the year end 31 March 2016.

1. In respect of the fixed assets of the Company:

- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- The company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with a regular programme of verification fixed assets, certain 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.
- According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. In respect of the inventories of the Company

In our opinion and according to the information and explanations given to us, the company's primary function is that of fund manager for implementation of the projects. Accordingly, it does not hold any physical inventories. Thus paragraph 3(ii) of the Order is not applicable to the Company.

- The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 183 of the Act.
- In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- According to the information and explanations given to us, and on the basis of our examination of the records of the Company, there are no material dues of duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute. However, the following dues of Income tax and service tax have not been deposited by the company on account of dispute:

Nature of the statute	Nature of dues	Amount INR	Period to which amount relates	Forum where dispute is pending
Service Tax	Service Tax and penalty	3,34,13,200/- ⁽¹⁾ plus penalty	FY 2007-08 to FY 2012-13	CESTAT, Bangalore
Income Tax Act, 1961	Income Tax	3,57,899/-	AY 2007-08	Commissioner of Income Tax (Appeals)-I, Bangalore

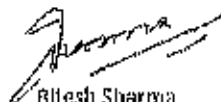
(1) The Company has deposited 11% of the amount demanded and not deposited.



SNR & Company
Chartered Accountants

- a. The Company have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Service Tax (subject to above) , and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank during the year and did not have any amount outstanding to financial institutions or debenture holders.
 9. According to the information and explanations given to us, the company did not raise any money by way of initial public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
 10. To the best of our knowledge and belief and according to the information, no fraud by the Company or on the Company was noticed or reported during the year.
 11. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
 12. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
 13. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act.
 14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
 15. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
 16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For SNR & Company
Chartered Accountants
ICAI Firms Registration No: 014401N



Ritesh Sharma
Partner
Membership No 210900
Bengaluru
Date: 17th Aug 2016



Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts for the year 2014-15 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserve) may be examined, including the mode and present stage of disinvestment process.

There is no disinvestment proposed in the company.

2. To report whether there are any cases of waiver / write off of debts / loan interest etc, if yes, the reason thereof, and the amount involved.

There are no cases of waiver / write off of debts/Loan interest.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.

The Company does not maintain any inventories and no assets are received as gifts from Government.

4. A report on age-wise analysis of pending legal / arbitration cases, including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given

There are legal cases pending against the Company, by unsuccessful contractors having filed cases against IAs and Company is made a party to such cases. The decisions in the concluded cases pronounced so far, have been in favour of the Company. The Company has designated officers handling the legal cases. Details of legal cases and the dates of hearing with due dates and fees with approvals are maintained. The progress and status of cases are reviewed by the Board in its meetings. Details of cases pending are as in Annexure A.

5. Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.

According to the information and explanations given to us, there are no cases of encroachment. The leasehold land held by the company which is leased from BDA is used for construction of Urban Infrastructure Bhavan for its official use.



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Chartered Accountants

6. Whether system of monitoring the execution of works vis-à-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues/losses from contracts, etc., have been properly accounted for in the books.

The Company is a Nodal Agency for the Centrally Sponsored Schemes and Externally Aided Projects. The projects are governed by respective scheme / donor bank guidelines. Government of Karnataka has appointed KUIDFC as the Nodal Agency for these Schemes/Projects. The Implementing Agencies / ULBs are the agencies who tender out the works.

Tenders Floated have inbuilt mechanism for milestone based monitoring of Implementation. The agreements also have variation clause. During implementation, based on the actual requirement, the variations are approved under the respective contracts. Cost escalations are recorded in the respective work/contract. There are no revenue/losses from contracts since the beneficiaries are ULBs / Government Agencies. The Government provides budgetary support for these schemes / projects. Hence the revenue/losses are recorded in the Government Account with necessary approvals.

In respect of releases for Work Bills, RA bills are certified, before release of payments, by the Project Manager and Commissioner/Chief Officer of the respective ULB. The company makes payments for such RA bills through RTGS mode. The procedure presently being followed is satisfactory and adequate. This procedure is generally followed consistently.

The Company recovers Liquidated Damage from the contractors in cases of delay. We are informed that whenever LD is not levied appropriate approval from competent authority is obtained. Advances paid as per the terms of the Contract, are adjusted against running bills.

7. Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized? List the cases of deviations.

The funds received/receivable for specific schemes from central/state agencies have been properly accounted. Separate books of accounts are maintained in respect of different Schemes / projects. Accounts are maintained using Tally Accounting Software.

However, there are instances where inter fund transfers were made and the same were made good to the respective accounts at a later date. All funds are received for scheme/projects from the Government. In case of delay in release of funds from the Government, temporary transfers of funds in the scheme/project is made and on receipt of funds from the Government, the same were made good to the respective account.

The Company has not granted any large loans to any PSU, whether related or not related to the business of the company. However the company is a fund manager for Karnataka water & sanitation pooled fund (KW&SPF) (TRUST UNDER THE INDIAN TRUSTS ACT, 1882) (Government of Karnataka of Trust). The company provides operating fund (interest free) on need basis and no specific directive is obtained from the Government for the same. During the year an amount of Rs 1,19,37,329/- was provided to the Trust on temporary basis. However, amount receivable from the KW&SPF at the year end on this account is nil.



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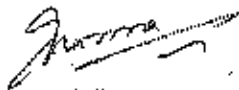
8. Confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.

Confirmation of balances of Banks is available with the company. Cash confirmations (Imprest account) are made available to audit. Given the fact that the company does not have any sales, it has no trade receivables/ trade payables on its own account. Most of the receivables/payables with respect to works contract are monitored through RA bill. The Loans to IAs / UIBs are accounted based on the Government Orders and demand notices are served to the periodically to the respective agencies which are Government Agencies. Mobilisation Advances under the contracts are against Bank Guarantee as per contract agreement terms under the respective project.

9. The cost incurred on abandoned projects may be quantified and the amount actually written-off shall be mentioned.

According to the information and explanations given to us, there are no abandoned projects. There are cases of termination of contract based on non performance of the contractors as per the terms of the contract. Necessary penalties and LD and recoveries are made in such contracts as per the terms of contract. These are the works awarded by the IAs / UIBs. There are no instances of written-off in these contracts.

For SNR & Company
Chartered Accountants
ICAI Firms Registration No: 014401N



Ritesh Sharma
Partner
Membership No 210900
Bengaluru
Date : 17th Aug 2016



Annexure - III to the Independent Auditor's Report

Report on Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Karnataka Urban Infrastructure Development & Finance Corporation ('the Company') as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial control over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedure selected depends on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. A Company's internal financial control over financial reporting includes those principles and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of the management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



SNR & Company
Chartered Accountants

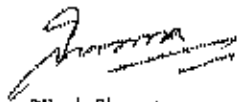
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SNR & Company
Chartered Accountants
ICAI Firms Registration No: 014401W.



Ritesh Sharma
Partner
Membership No 210900
Bengaluru
Date: 17th Aug 2016



Annexure A

Legal status pending of KUIDFC as on 31/03/2016

S.No	Roll Number	In the Court of	Between	Amount in INR
1	O.S.No. 202/2013	Principal Senior Civil Judge, Gulbarga	Corporation Infrastructure (P) Ltd vs Commissioner, CMC, Gulbarga	
2	O.S. No. 86/2013	Principal Senior Civil Judge, Gulbarga	Corporation Infrastructure (P) Ltd vs Commissioner, CMC, Gulbarga and O&S	9,02,60,017
3	O.S. No. 86/2013	Principal Senior Civil Judge, High Court of Karnataka, Bangalore Bench	Corporation Infrastructure (P) Ltd vs Commissioner, CMC, Gulbarga and O&S	29,00,00,000
4	W.P. No. 202621/2015	Chief Justice, High Court of Karnataka, Bangalore Bench	Corporation Infrastructure (P) Ltd vs DMA & O&S	
5	O.S. No. 139/2013	Chief Justice, High Court of Karnataka, Bangalore Bench	Shyambhaji & Company (India) (P) Ltd. vs KUIDFC & O&S	
6	W.P. No. 32907/2015	Chief Justice, High Court of Karnataka, Bangalore Bench	Sri. Rajesh, S/A. Railway Patil vs KUIDFC & O&S	
7	O.S. No. 220/2011	Chief Justice, High Court of Karnataka, Bangalore Bench	Sri. Vasant Gund vs ABE, NCTEFC Ltd, Bangalore O&S	2,06,000
8	W.P. No. 109502/2015	Chief Justice, High Court of Karnataka, Bangalore Bench	Haale Infra Infratech vs KUIDFC & O&S	
9	Application No. 3407/2015	KAT	Sri. Lakshmi S/o G. Gundappa Vt Gund Shyambhaji & Company (India) (P) Ltd. vs KUIDFC & O&S	
10	O.S. No. 15/2015	Sr. Civil Judge, Hangeval		45,77,00,000
11	O.S. No. 58 & 59/2015	Principal Civil Judge (Jr), Vijayanagara	A.V. Reddy, Assty, Hyderabad vs KUIDFC & O&S	
12	Mem. No. 10/2014	Principal Sr. Civil Judge, Gulbarga	1) M/s. Karachil W/o. Late Sri Basu Hanumanth & O&S vs KUIDFC & O&S	
13	W.P. No. 110359/2015		M/s Yash Enterprises Private Ltd. vs KUIDFC & O&S	
14	M.A. 9/2015		M/s Corporation Infrastructure Pvt Ltd & O&S vs Commissioner, City Corporation, Gulbarga	
15	O.S. No. 26429/07 O.S. No. 4988/01 & O.S. No. 526/2011	City Civil Court, Mysore Bench, Bangalore	Electronical Casting Ltd., Vs KUIDFC & O&S	9,11,70,150
16		City Civil Judge, Hangeval	KUIDFC vs IS N. Rajan and O&S	
17	O.S. No. 5/2012	Principal Civil Judge, Sr. Dist, Bangalore	O&S Electricals Vs KUIDFC & O&S	33,06,776
18	O.S. No. 144/2009	JHC, Bangalore	M/s. Anandaprasanna, S/o Late Sri Anandaprasanna vs KUIDFC	30,00,000
19	W.P. No. 59700-55093/2014 W.P. No. 3351-3659/2014 (P&A/SR-03 & 04/2015, & 06 to 07/2015)	High Court of Karnataka, Bangalore	Sri. P. Rajesh, S/A vs KUIDFC & O&S	
20		Contracting Authority under the Payment of Gratuity Act, 1972	Employees** Vs KUIDFC & O&S	
21	W.P. 33647/2015	High Court of Karnataka, Bangalore	Sri. Alauddin Vs KUIDFC & O&S	
22	Application No. 7839/2015	Karnataka Agricultural University	Sri H.K. Jayakumar Vs KUIDFC & O&S	
				80,91,97,303

** Cases which are filed for monetary award or value stated

*** Includes employees filing industrial cases

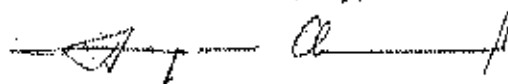


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT &
FINANCE CORPORATION LTD; BANGALORE FOR THE YEAR ENDED 31 MARCH
2016.**

The preparation of financial statements of Karnataka Urban Infrastructure Development & Finance Corporation Ltd, Bangalore, for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Companies Act, 2013 are responsible for expressing opinion on these financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 17.08.2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the act of the financial statements of Karnataka Urban Infrastructure Development & Finance Corporation Ltd, Bangalore for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on behalf of the
Comptroller & Auditor General of India
Yours faithfully,



(LANGAM CHAND SINGH)
PR. ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT)
KARNATAKA, BANGALORE

BANGALORE

Date: 20th September 2016

Karnataka Urban Infrastructure Development and Finance Corporation Ltd, Bangalore.
Balance Sheet as at 31st March 2016.

PARTICULARS	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. EQUITY & LIABILITIES		₹	₹
Shareholders' Funds			
Share Capital	1	8,06,48,800	8,06,48,800
Reserves & Surplus	2	32,94,76,503	34,27,06,702
Non-Current Liabilities			
Other Long Term Liabilities	3	25,60,73,16,753	24,89,96,77,151
Long Term Provisions	4	30,98,723	26,78,657
Current Liabilities			
Other Current Liabilities	5	23,08,19,37,574	19,77,27,96,971
Short Term Provisions	6	3,05,848	3,95,638
TOTAL OF EQUITY & LIABILITIES		49,10,27,84,201	45,09,89,03,919
II. ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	7	10,41,87,841	11,86,84,333
Intangible Assets	7	1,75,33,561	1,55,28,392
Capital Work-in-Progress	7	-	23,46,884
Deferred Tax Assets (Net)	8	18,25,803	15,19,955
Long-Term Loans and Advances	9	15,58,16,55,610	13,34,69,56,507
Current Assets			
Cash and Bank Balances	10	15,07,48,08,502	16,32,51,51,625
Short-Term Loans and Advances	11	16,97,02,21,281	13,84,35,29,196
Other Current Assets	12	1,35,25,51,603	1,44,51,87,027
TOTAL OF ASSETS		49,10,27,84,201	45,09,89,03,919
Notes on Financial Statements	1 to 29		

Notes referred above are an integral part of Standalone Financial Statements

Place: Bangalore
Date: 17-06-2016

(Srivatsa Krishna)
Chairman

(V.Poonacha)
Managing Director



As per our report of even date
for SNR & Company
Chartered Accountants
FRN: 014401N

(Ritesh Sharma)
Partner M. No:210900

(K.M.Ramesh)
Gen. Manager- Project Finance
Company Secretary - I/c

Karnataka Urban Infrastructure Development and Finance Corporation Ltd, Bangalore.
Statement of Profit and loss for the year ended 31st March 2016

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
INCOME			
I. Revenue from operations - Management Fee	13	5,99,45,738	6,76,43,384
II. Other income	14	18,26,922	14,79,128
III. Total Revenue (I + II)		6,17,72,660	6,91,22,512
IV. EXPENDITURE			
Employee benefits expense	15	2,17,73,917	2,43,73,271
Finance costs		-	-
Depreciation and amortization expense	7	49,59,888	50,27,027
Other expenses	16	3,50,38,855	3,97,22,214
Total expenses		6,17,72,660	6,91,22,512
V. Profit before tax (III- IV)		-	-
VI Tax expense:			
(1) Current tax		3,05,848	3,95,638
(2) Deferred tax- Asset		3,05,848	3,95,638
VII Profit (Loss) for the period (V-VI(1) + VI(2))		-	-
VIII Earnings per equity share:			
(1) Basic		-	-
(2) Diluted		-	-
Notes on Financial Statements	1 to 29		

Notes referred above are an integral part of Standalone Financial Statements

Place: Bangalore

Date: 17-08-2016

(Sriyaseth Krishna)
Chairman

(V. Ponnuraj)
Managing Director

As per our report of even date
for SNR & Company
Chartered Accountants
FRN: 014401N



(Ritash Sharma)
Partner M. No: 210960

(K.M.Ramesh)

Gen. Manager- Project Finance
Company Secretary - I/c



KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LTD., BANGALORE		
Cash Flow Statement for the year ended 31st March, 2016		
Particulars	For the year ended 31st March 2016	(Amount in ₹) For the year ended 31st March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES :		
1.1 Asian Development Bank assisted North Karnataka Urban Sector Investment Programme (NKUSIP)		
Project fund receipts - from GOK	3,30,00,00,000	1,77,05,00,000
Project fund receipts - CMSATDP/SFC including Interest earned	2,26,76,812	3,14,08,136
Encashment of BG	23,08,17,963	5,11,06,773
Funds from internal sources/ URIS contribution	32,33,77,258	30,45,82,966
Cash paid to Works, Consultants, Employees and other admin costs	(3,28,51,95,553)	(3,32,19,74,673)
1.2 Asian Development Bank assisted Karnataka Urban Development and Coastal Environmental Management Project (KUDCEMP)		
Project fund receipts - from GOK	-	-
Funds from internal sources	51,21,801	40,74,414
Cash paid to Works, Consultants, Employees and other admin costs	(89,59,425)	(4,77,39,997)
1.3 World Bank assisted Karnataka Municipal Reform Project (KMRP)		
Project fund receipts - from GOK	10,00,00,000	1,99,55,00,000
Funds from U.G. Contribution & Internal sources	3,50,96,346	81,20,25,324
Cash paid to Works, Consultants, Employees and other admin costs	(1,08,43,51,728)	(2,49,35,50,477)
1.4 World Bank assisted Karnataka Urban Water Sector Improvement Project (KUWASIP)		
Project fund receipts - from GOK	-	-
ESCROW Receipts & Internal Resources	7,59,74,523	2,23,26,504
Other anc. Technical, auditor fees paid	(16,07,563)	(3,34,55,900)
Cash paid to Works, Consultants, Employees and other admin costs	(2,36,72,443)	(1,08,03,156)
1.5 Centrally sponsored Jawaharlan Nehru National Urban Renewal Mission (JNNURM)		
Project fund receipts - from GOK/ GOF including interest	3,32,41,27,424	2,84,60,80,747
Cash paid to Implementing Agencies / Works	(1,31,18,61,638)	(3,54,42,04,992)
1.6 Asian Development Bank assisted Karnataka Integrated Urban Water Management Investment programme (KIUWIMP)		
Project fund receipts - from GOK	37,50,00,000	15,00,00,000
Cash paid to Works, Consultants, Employees and other admin costs	(33,44,00,363)	(16,66,12,392)
1.7 World Bank assisted Karnataka Urban Water Supply Modernisation Project (KUWSMP)		
Project fund receipts - from GOK	1,50,00,000	-
Cash paid to Works, Consultants, Employees and other admin costs	(2,74,68,013)	(3,65,97,170)
1.8 Water Supply and Underground Drainage in 16 Towns		
Project fund receipts - from GOK	-	-
Cash paid to Works, Consultants, Employees and other admin costs	-	(1,34,56,341)
1.9 Solid Waste Management Project (GOK)		
Project fund receipts - from GOK	1,80,00,00,000	2,50,00,00,000
Cash paid to Implementing Agencies / Works	(1,66,27,98,299)	(99,64,06,078)



KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LTD., BANGALORE		
Cash Flow Statement for the year ended 31st March, 2016		
Particulars	Amount in ₹	
	For the year ended 31st March 2016	For the year ended 31st March 2015
1.00 Smart Cities		
Project fund receipts - from GOK	12,00,00,000	-
Cash paid to implementing Agencies / Works	(6,00,00,000)	-
1.11 Corporate and others		
Fund receipts - from GOK	6,00,00,000	5,39,50,000
Receipts from internal resources	46,00,590	14,79,120
Cash paid to administrative expenses & release of grant funds	(5,23,83,849)	(9,55,71,181)
Net cash used in operating activities (1.1 to 1.11)	38,46,81,347	(46,98,38,540)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(25,69,796)	(53,65,982)
Sale of Fixed Assets		
Net cash used in investing activities	(25,69,796)	(53,65,982)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
a) Urban Infrastructure Development Fund (UIDF)		
Repayments received from Implementing Agencies & Interest on redeployment of funds	41,38,96,110	44,32,31,760
Consultancy payments	(3,06,26,812)	
b) Mega City Revolving Fund (MCRF)		
Repayments received from implementing Agencies & Interest on redeployment of funds	2,20,13,87,820	1,48,24,13,957
Rebate of Loans (works) under MCRF	(4,25,21,80,000)	(59,03,54,146)
Net cash flow from financing activities (a+b)	(1,03,31,24,874)	1,33,92,99,571
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,35,03,43,123)	86,00,68,051
ADD : OPENING CASH AND CASH EQUIVALENTS	16,32,51,51,625	15,46,50,46,373
CLOSING CASH AND CASH EQUIVALENTS *	15,07,48,08,502	16,32,51,51,625
* CASH AND CASH EQUIVALENTS COMPRISES		
FIXED DEPOSIT	10,32,56,30,167	11,72,14,02,747
FD ACCOUNT	9,91,64,93,006	2,08,90,25,609
CASH	19,321	4,082
BANK	2,84,09,66,008	2,51,48,29,147
TOTAL	15,07,48,08,502	16,32,51,51,625

Place: Bangalore

Date: 17-08-2016

(Bhuvan Krishna)
Chairman

(V. P. ...)
Managing Director



As per our report of even date

for SNR & Company

Chartered Accountants

FRN: 04401N

(Rishabh Sharma)
Partner M. No: 210003

(K.M. Ramash)

Gen. Manager - Project Finance

Company Secretary - Ifo



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/ disclosure.		
1 SHARE CAPITAL		
A. Authorised Capital:		
10,00,000 Equity Share of Rs.100/- each	10,00,00,000	10,00,00,000
B: Issued, Subscribed & Paid up Capital:		
8,06,488 (8,06,488) Equity shares of Rs.100/- each fully paid	8,06,48,800	8,06,48,800
1.1 The details of Shareholders holding more than 5% share :		
Name of the Shareholder	No of Shares	% held
Governor of Karnataka Chairman, BDA	6,06,476	75.20%
	2,00,001	24.79%
2 Reserves & Surplus		
2.1 ADB assisted KUID Project Reserve:		
Balance as per previous Balance Sheet	1,12,77,590	1,29,50,863
Less: Deletion of Fixed Assets	83,27,774	16,73,273
Total 2.1	29,49,816	1,12,77,590
2.2 ADB assisted KUDCEM Project Reserve:		
Balance as per previous Balance Sheet	81,92,401	1,87,10,995
Less: Deletion/Adjustment of Fixed Assets	62,11,538	1,05,18,594
Total 2.2	19,80,863	81,92,401
2.3 ADB assisted NKUSI Project Reserve:		
Balance as per previous Balance Sheet	6,88,91,801	6,81,71,492
Add: Grants Utilised towards Fixed Assets	11,32,872	12,74,309
Less: Deletion/Adjustment of Fixed Assets	4,33,185	5,54,000
Total 2.3	6,95,91,488	6,88,91,801
2.4 World Bank assisted KUWASI Project Reserve:		
Balance as per previous Balance Sheet	31,95,019	31,47,804
Add: Grants Utilised towards Fixed Assets	-	47,215
Less: Deletion/Adjustment of Fixed Assets	2,49,341	-
Total 2.4	29,45,678	31,95,019
2.5 World Bank assisted KAR Project Reserve:		
Balance as per previous Balance Sheet	60,35,744	54,48,155
Add: Grants Utilised towards Fixed Assets	4,17,607	5,87,589
Less: Deletion/Adjustment of Fixed Assets	-	-
Total 2.5	64,53,351	60,35,744
2.6 World Bank assisted KUWSM Project Reserve:		
Balance as per previous Balance Sheet	3,97,060	2,43,830
Add: Grants Utilised towards Fixed Assets	-	1,53,230
Less: Deletion/Adjustment of Fixed Assets	1,88,130	-
Total 2.6	2,08,930	3,97,060
2.7 ADB assisted KIUWMI Project Reserve:		
Balance as per previous Balance Sheet	1,33,813	-
Add: Grants Utilised towards Fixed Assets	6,29,290	1,33,813
Total 2.7	7,63,103	1,33,813



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end	Figures as at the end
	of current reporting period	of previous reporting period
	₹	₹
2.8 Centrally assisted JMNURM Project Reserve:		
Balance as per previous Balance Sheet	23,738	-
Add: Grants Utilised towards Fixed Assets	-	23,738
Total 2.8	23,738	23,738
2.9 Water Supply & UGD in 16 ULB's :		
Balance as per previous Balance Sheet	42,657	-
Add: Grants Utilised towards Fixed Assets	-	42,657
Less: Deletion/Adjustment of Fixed Assets	-	-
Total 2.9	42,657	42,657
SUB-TOTAL (2.1 to 2.9)	8,49,59,624	9,81,89,823
2.10 Special Reserve U/s 36(1)(viii):		
Balance as per previous Balance Sheet	10,47,23,642	10,47,23,642
Total (2.10)	10,47,23,642	10,47,23,642
2.11 General Reserve:		
Balance as per previous Balance Sheet	13,97,93,237	13,97,93,237
Total (2.11)	13,97,93,237	13,97,93,237
TOTAL (2.1 to 2.11)	32,94,76,503	34,27,06,702
3 Other Long Term Liabilities		
3.(a) Mega City Revolving Fund		
Balance as per previous Balance Sheet	7,79,40,65,561	6,79,33,31,332
Add: MCRF -1 Recovery of Principal	1,16,71,09,128	55,23,04,763
MCRF -2 Recovery of Interest	38,00,11,574	18,58,35,414
MCRF -3 Interest on Redeployment Funds	70,22,40,029	54,41,69,052
	10,04,34,26,292	8,27,56,40,561
Less: 1. MCRF- Utilisation	4,23,71,80,000	44,15,75,000
2. Transfer to Consultancy & Professional Fees - Corpus	-	4,00,00,000
Total 3(a)	5,78,62,46,292	7,79,40,65,561
3.(b) UIDF Revolving Fund		
Balance as per previous Balance Sheet	3,91,15,22,005	3,45,16,98,115
Add: UIDF -1 Recovery of Principal	9,26,88,133	6,72,39,876
UIDF -2 Recovery of Interest	2,19,52,297	4,08,07,996
UIDF -3 Interest on Redeployment Funds/others	36,24,35,648	33,57,76,018
	4,38,85,98,083	3,91,15,22,005
Less: UIDF- Utilisation	2,06,28,512	-
Total 3(b)	4,36,79,69,571	3,91,15,22,005
3.(c) Outstanding Principal Due to GOK-UIDF-RF	9,83,20,70,263	10,88,86,21,823
3.(d) Outstanding Principal Due to GOK-MCRF-RF	5,62,10,30,627	3,10,53,97,762
TOTAL 3(a) to 3(d)	25,60,73,16,753	24,89,96,77,151
4 Long Term Provisions		
Provision for Leave Salary	30,79,291	26,78,657
Provision for Gratuity	19,432	-
TOTAL 4	30,98,723	26,78,657



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
6 Other Current Liabilities		
5. (a) Payables		
Provision for Taxation		
- Earlier Years	8,40,353	4,44,715
Development of New Projects	55,33,189	55,33,189
National Urban Information System	26,000	26,000
GOK- Management Fee	2,14,58,266	2,16,88,004
Urban Life Index	5,00,000	5,00,000
Indian Heritage Cities Network	-	1,13,00,000
Consultancy & Professional fees - (Corpus out of MCRF)	2,81,19,805	3,23,31,430
Principal Due to GOK-MCRF-RF	1,48,19,17,983	90,74,78,024
Interest Due to GOK-MCRF-RF	1,08,55,443	7,83,12,285
Principal Due to GOK-UIDF-RF	7,82,01,09,087	6,44,67,74,758
Interest Due to GOK-UIDF-RF	7,43,91,78,534	6,09,47,25,578
Interest Due to Revolving Fund-(Fixed Deposits)	34,11,09,635	47,86,75,714
Other Payables *	79,76,25,539	1,59,68,06,584
Total 5(a)	17,94,69,73,834	15,67,45,96,281
* Includes Statutory dues, security deposits, Retention Money, Due to agencies and outstanding Expenses		
5.(b) Govt. of Karnataka A/c - ADB assisted KUDCEM Project		
Balance as per previous Balance Sheet	1,34,29,715	7,03,24,004
Add: Bank Interest from LAQ/DMA/Consultants & Others	2,13,626	10,74,414
K B C W W Fund	685	
	1,36,44,026	7,13,98,418
Less: Funds utilised for administration and Consultancy	13,87,451	81,50,728
Funds released as Grant to I.A.'s	15,61,530	1,16,07,589
Funds released as Loan to I.A.'s	60,10,444	3,82,10,386
	89,59,425	5,79,68,703
Total 5(b)	46,84,601	1,34,29,715
Note:		
(i) The Asian Development Bank (ADB) assisted KUDCEM Project was closed on 30.9.2009 with ADB and the spill over works under GoK share is under progress for completion.		



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
5. (c) Govt. of Karnataka A/c - ADB assisted NKUSI Project		
Balance as per previous Balance Sheet	86,25,70,395	1,94,89,48,363
Add: Funds received from Govt during the year	3,30,00,00,000	1,77,05,00,000
Interest earned from CMSMTDP	3,59,78,265	3,11,62,902
ULB Contribution under the project	48,79,09,121	32,43,40,116
K B C W W Fund	3,08,662	2,45,234
Performance Bank Guarantee Encashed	23,00,17,563	5,11,86,773
	4,91,67,84,006	4,12,61,83,388
Less: Funds utilised for administration and Consultancy	32,29,78,631	34,74,20,224
Funds utilised to acquire Fixed Assets	11,32,872	12,74,309
Funds released as Grant to I.A.'s	2,08,66,32,130	1,98,67,65,276
Funds released as Loan to I.A.'s	66,97,00,896	62,99,81,584
ULB Contribution adjusted	29,52,85,028	28,90,96,947
CMSMTDP Adjusted	-	90,74,653
	3,37,57,29,557	3,26,36,12,993
Total 5(c)	1,54,10,54,449	86,25,70,395
Notes:		
(i) The company is the nodal agency for implementation, monitoring and management of funds of the Asian Development Bank (ADB) assisted NKUSI Programme. For the project, ADB has sanctioned US \$ 270.00 million as loan to Govt. of India which will be fully passed on to GOK based on project implementation as loan.		
(ii) The ADB financial support is extended through a Multitranche Financing Facility (MFF). This facility will be provided in tranches as individual loan to support batches of investments or sub projects/components. Each such facility will be based on the submission of a Periodical Financing Request (PFR).		
(iii) Under the Tranche-I loan, ADB share is US \$ 23.70 million and GOK & ULB contribution is US \$ 13.20 million; Tranche-II loan, ADB share is US \$ 123.00 million and GOK & ULB contribution is US \$ 87.30 million; Tranche-III loan, ADB share is US \$ 60 million and GOK & ULB contribution is US \$ 41.70 million and Under Tranche-IV loan, ADB share is US \$ 63.30 million and GOK & ULB contribution is US \$ 27.80 million.		
(iv) Tranche-I loan is completed in respect of ADB portion, Cumulative achievement was US \$ 23.40 million, balance USD Works shifted to Tranche-II. The other Tranches works are in progress.		
5. (d) Govt. of Karnataka A/c - World Bank assisted KUWASI Project		
Balance as per previous Balance Sheet	47,97,117	1,37,82,096
	47,97,117	1,37,82,096
Less: Funds utilised		
Incremental operating expenses	(6,82,360)	51,92,456
Funds utilised to acquire Fixed Assets	-	47,215
Funds released as Grant to I.A.'s	-	37,45,308
	(6,82,360)	89,84,979
Total 5(d)	54,79,477	47,97,117
Note:		
(i) The World Bank assisted KUWASI Project was a pilot project in the demo zones of 3 City Corporations & completed on 31.03.2011. Settlement of final bills on the spillover works are under progress.		



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
5. (e) Govt. of Karnataka A/c - World Bank assisted KMR Project		
Balance as per previous Balance Sheet	1,06,01,50,655	78,19,64,724
Add: Funds received from GoK during the year	30,00,00,000	1,99,53,00,000
ULB / JNNURM Contribution	6,44,39,231	80,81,01,939
Interest from DMA/DPD/ULB Funds	9,12,377	22,09,565
Forfeit of Bank Guarantee	38,57,988	17,13,820
Excess Grant earlier w/off Adjusted to GoK A/c.	36,99,03,224	
	1,79,92,63,475	3,58,94,90,048
LESS: Funds utilised		
Incremental operating expenses	3,38,78,471	8,52,78,493
Funds utilised to acquire Fixed Assets	4,17,607	5,87,589
Funds released as Grant to I.A.'s	37,04,86,559	1,54,33,28,123
Funds released as Loan to I.A.'s	9,34,95,969	6,98,11,199
ULB/JNNURM Contribution Adjusted	8,09,96,008	83,03,33,989
	57,92,74,614	2,52,93,39,393
Total 5(e)	1,21,99,88,861	1,06,01,50,655
Note:		
(i) The company is the nodal agency for implementation, monitoring and management of funds of the World Bank assisted Karnataka Municipal Reforms Project, (KMRP). Out of the total project cost, World Bank share as loan is US \$ 216 million and Government of Karnataka & ULB contribution is US \$ 94 million. The loan was closed on 31.03.2015 by the World Bank and US \$ 204.614 million has been disbursed by the bank as loan to Govt. of India which is fully passed on to GOK as loan. GoK & ULBs have contributed US \$ 89,045 million towards the project. The spillover works of the project are under progress funded by GoK as state share.		
5. (f) Govt. of Karnataka A/c - GOI assisted JNNURM Project		
Balance as per previous Balance Sheet	22,47,07,340	1,22,10,29,673
Add: Funds received from GoI during the year	98,68,16,000	2,28,40,25,000
Funds received from GoI/GoK during the year towards reimbursement	69,78,182	2,95,64,000
Funds received from GoK during the year	32,07,78,000	51,10,75,000
Interest earned/ (Paid) on JNNURM Funds	1,16,87,981	2,22,16,747
	1,55,09,67,503	4,06,79,10,420
Less: Funds released as Grant to I.A.'s	1,15,04,26,800	3,33,47,56,250
Funds released as Loan to I.A.'s	19,71,67,900	48,58,53,750
Funds released towards reimbursement	91,75,769	2,28,93,080
	1,31,67,69,769	3,84,32,03,080
Total 5(f)	23,41,97,734	22,47,07,340
Notes:		
(i) The Company is State Level Nodal Agency for managing funds and monitoring the implementation of GoI sponsored Jawaharlal Nehru Urban National Renewal Mission. As per G.O. No. UDD 75 CSS 2011 Dated 24.05.2011, Revolving Fund has been created for UIG and BSUP Components. The Revolving Fund under UIG is merged with the existing State level Urban Infrastructure Development Fund (UIDF). A separate Revolving Fund has been created under BSUP to receive funds ploughed back by ULBs/IAs. The structure of the Revolving Fund is as follows:		
(ii) Projects financed under Urban Infrastructure and Governance Sector to plough back 25% of the Central Govt releases.		
(iii) Projects under Transport Sector to plough back 50% of the GoI & GoK releases.		
(iv) Projects implemented under BSUP Sector to plough back 10% of the share of GoI releases.		
(v) The Plough back would be without interest and over a period of 10 years including a moratorium of 3 years from the date of release. This has been given effect in the books of accounts.		



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
5. (g) Govt. of Karnataka A/c - ADB assisted KIUWMI Programme		
Balance as per previous Balance Sheet	12,46,64,928	14,82,66,479
ADD: Funds received from Govt during the year	37,80,00,000	15,00,00,000
ULB Contribution under the project	2,78,48,152	1,72,74,991
K.R.C.W.W Fund	33,739	-
	52,75,46,819	31,55,41,470
LESS: Funds utilised for administration and Consultancy	6,70,84,786	1,79,92,817
Funds utilised to acquire Fixed Assets	6,29,290	1,33,813
Funds released as Grant to I.A.'s	18,74,13,221	9,89,24,956
Funds released as Loan to I.A.'s	9,28,52,606	5,65,49,965
ULB Contribution adjusted	2,78,48,152	1,72,74,991
	37,58,28,055	19,08,76,542
Total 5(g)	15,17,18,764	12,46,64,928
Notes:		
(i) The company is the nodal agency for implementation, monitoring and management of funds of the Asian Development Bank (ADB) assisted KIUWMI Programme. For the project, ADB has sanctioned US \$ 150.00 million as loan to Govt. of India which will be fully passed on to GOK based on project implementation as loan.		
(ii) The ADB financial support is extended through a Multitranche Financing Facility (MFF). This facility will be provided in tranches as individual loan to support batches of investments or sub projects/components. Each such facility will be based on the submission of a Periodical Financing Request (PFR).		
(iii) Under the Tranche-1 loan, ADB share is US \$ 75.00 million and GOK & ULB contribution is US \$ 29.52 million; The project also as UPRF grant fund from ADB of US \$ 1.80 million.		
(iv) The project consultants for PMDC and FMDC have been appointed on approval of EC. The project is under progress.		
 5. (h) Govt. of Karnataka A/c - World Bank assisted KUWSM Project		
Balance as per previous Balance Sheet	10,48,77,843	13,15,89,785
ADD: Funds received from Govt during the year	1,50,00,000	-
	11,98,77,843	13,15,89,785
LESS: Funds utilised for administration and Consultancy	2,60,08,517	2,65,58,712
Funds utilised to acquire Fixed Assets	-	1,53,230
	2,60,08,517	2,67,11,942
Total 5(h)	9,38,69,326	10,48,77,843
Notes:		
(i) The company is the nodal agency for implementation, monitoring and management of funds of the World Bank (WB) assisted KUWSM Project. For the project, WB has sanctioned US \$ 187.00 million as loan to Govt. of India which is fully passed on to GOK as loan.		
(ii) The WB financial support is provided in two phases. The project envisages scale up continuous water supplies in the cities of Belgaum, Gulbarga and Hubli Dharwad.		
(iii) Under the Phase-1, WB share is US \$ 187.00 million and GOK is US \$ 20.00 million. The ULB contribution for Phase -1 is US \$ 72.00 million and US \$ 118.00 million in Phase-II. The appointment of project consultants is under progress.		



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	₹	₹
5. (i) Govt. of Karnataka A/c - Solid Waste Management Project		
Balance as per previous Balance Sheet	1,70,30,02,697	-
ADD: Funds received from GoK during the year	1,80,00,00,000	2,50,00,00,000
	3,50,30,02,697	2,50,00,00,000
LESS: Funds utilised for SWM Works	1,67,94,41,981	79,69,97,303
Total 5(i)	1,82,35,60,716	1,70,30,02,697
Notes:		
(i) The company is the nodal agency for establishing 9 Solid Waste Management units in the Jurisdiction of BBMP areas for scientific processing of Solid Waste generated in the Corporation Limits.		
(ii) The Government has made a provision of Rs.270 crores for this purpose for F.Y 2014-15 with an arrangement to release Rs.150 crores directly to KUIDFC and balance Rs.120 crores to be released from BBMP, out of Rs.150 crores sanctioned to BBMP by the government for F.Y 2014-15. GOK has made additional provision of Rs.271 crores during 2015-2016.		
(iii) The procurement of Equipments & Machineries to the Identified SWM treatment plants and civil works are in progress		
5. (j) Govt. of Karnataka A/c - Govt assisted SCM Project		
Balance as per previous Balance Sheet	-	-
ADD: Funds received from Govt during the year for DPR Preparation	12,00,00,000	-
Interest earned/(Paid) on SCM Funds	4,09,812	-
	12,04,09,812	-
Less: Funds released as grant to IAs for DPR Preparation	6,00,00,000	-
Total 5(j)	6,04,09,812	-
(i) Government of India (GoI) has launched the Smart Cities Mission (SCM) across 100 cities and in Karnataka KUIDFC has been nominated as the Nodal Agency for the mission by Government of Karnataka. Six cities viz., Belagavi, Hubballi Dharwad, Davanagere, Shivamogga, Mangaluru and Tumakuru are approved under the mission, of which Belagavi and Davanagere are selected in the first round of competition.		
(ii) Further, Hubballi Dharwad, Shivamogga, Mangaluru, Tumakuru and Bengaluru are competing in Round competition. Revision of the smart city proposals is in progress.		
(iii) As per Mission Guidelines and Government of Karnataka approval the Special Purpose Vehicle is established for Belagavi and Davanagere cities.		
TOTAL 5(a) to 5(j)	23,08,19,37,574	19,77,27,96,971
6 Short Term Provisions		
Provision for Taxation		
- Current Year	3,05,848	3,95,638
TOTAL 6	3,05,848	3,95,638



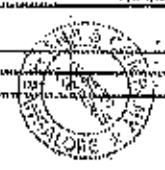
Note No. A disclosure pursuant to Schedule II to the Companies Act, 2013

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01/04/2015	Additions during the Year	Deletions/during the Year	As at 31/03/2016	As at 01/04/2015	For the year	Writedown during the year	As at 31/03/2016	As at 01/04/2016	As at 31/03/2015
(C) Tangible assets										
A) CORPORATE ASSETS										
1. Building	1,01,84,212	-	-	1,01,84,212	39,01,185	2,06,943	-	41,08,333	40,74,075	42,83,027
2. Leasehold Land	4,32,32,808	-	-	4,22,32,808	1,51,02,130	14,02,750	-	1,65,95,280	2,66,37,628	2,79,40,378
3. Office Equipments	42,20,192	4,70,703	13,62,688	33,36,237	24,95,366	2,95,703	12,37,356	24,19,793	9,15,444	1,14,826
4. Furniture & Fixtures	36,01,032	-	12,32,005	33,57,997	23,72,794	2,09,268	6,47,752	19,39,310	4,28,687	12,28,208
5. Computers & Printers	1,90,29,509	51,801	14,67,910	1,76,03,800	1,75,92,311	5,10,635	14,77,432	1,66,76,504	5,29,246	14,28,598
6. Vehicles	47,76,594	20,39,202	-	68,15,886	19,20,100	4,33,039	-	45,73,277	21,62,571	6,55,116
Sub-total (A)	8,40,36,417	25,69,796	40,62,573	8,75,42,640	1,85,04,966	30,64,479	23,92,866	4,82,76,585	3,42,15,755	3,54,31,481
B) RUDR PROJECT ASSETS:										
1. Office Equipments	37,98,975	-	29,91,461	12,07,514	-	-	-	-	12,07,514	37,98,975
2. Furniture & Fixtures	47,55,904	-	36,63,902	17,10,002	-	-	-	-	17,10,002	47,55,904
3. Computers & Printers	19,71,505	-	13,39,209	32,300	-	-	-	-	32,300	19,71,505
Sub-total (B)	1,07,24,384	-	79,74,572	29,49,816	-	-	-	-	29,49,816	1,07,24,384
C) KUDREM PROJECT ASSETS:										
1. Office Equipments	11,82,077	-	4,67,404	7,24,673	-	-	-	-	7,24,673	11,82,077
2. Furniture & Fixtures	51,72,744	-	48,09,270	3,13,174	-	-	-	-	3,13,174	51,72,744
3. Computers & Printers	18,07,800	-	9,44,564	9,43,016	-	-	-	-	9,43,016	18,07,800
Sub-total (C)	81,92,401	-	62,11,538	9,80,863	-	-	-	-	19,80,863	81,92,401
D) HKLSI PROJECT ASSETS:										
1. Office Equipments	52,89,344	2,10,985	2,39,590	52,60,739	-	-	-	-	52,60,739	52,89,344
2. Plant & Machinery	5,64,421	-	-	5,64,421	-	-	-	-	5,64,421	5,64,421
3. Furniture & Fixtures	3,00,40,636	10,905	1,94,395	3,06,68,006	-	-	-	-	3,06,68,006	3,00,40,636
4. Computers & Printers	1,03,76,512	5,04,730	-	1,00,81,342	-	-	-	-	1,00,81,342	1,03,76,512
5. Vehicles	93,60,639	-	-	93,60,639	-	-	-	-	93,60,639	93,60,639
Sub-total (D)	5,64,31,652	7,36,640	4,33,185	5,67,35,147	-	-	-	-	5,67,35,147	5,64,31,652
E) KVRK PROJECT ASSETS:										
1. Office Equipments	1,82,567	-	-	1,82,567	-	-	-	-	1,82,567	1,82,567
2. Furniture & Fixtures	5,01,113	-	-	5,01,113	-	-	-	-	5,01,113	5,01,113
3. Computers & Printers	36,06,424	-	-	36,06,424	-	-	-	-	36,06,424	36,06,424
Sub-total (E)	42,92,154	-	-	42,92,154	-	-	-	-	42,92,154	42,92,154



Form No. 2 (Amended) pursuant to Section 129 of the Companies Act, 2013

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 31/03/2015	Additions during the Year	Disposals/during the Year	As at 31/03/2016	As at 01/04/2015	For the Year	Written off during the year	As at 31/03/2016	As at 31/03/2015	As at 31/03/2016
(F) Tangible assets										
F) KUPWASI PROJECT ASSETS:										
1. Office Equipments	3,78,381	-	1,60,877	2,17,704	-	-	-	2,17,704	3,78,381	3,78,381
2. Furniture & Fixtures	2,28,693	-	-	2,28,693	-	-	-	2,28,693	2,28,693	2,28,693
3. Computers & Printers	25,07,745	-	88,404	24,99,281	-	-	-	24,99,281	25,07,745	25,07,745
Sub-total (F)	31,14,819	-	2,49,281	29,45,678	-	-	-	29,45,678	31,14,819	31,14,819
G) KAWM PROJECT ASSETS:										
1. Office Equipments	54,797	-	54,797	-	-	-	-	-	54,797	54,797
2. Furniture & Fixtures	1,40,552	-	1,23,330	25,259	-	-	-	25,259	1,40,552	1,40,552
3. Computers & Printers	1,81,671	-	-	1,81,671	-	-	-	1,81,671	1,81,671	1,81,671
Sub-total (G)	3,97,020	-	2,78,127	2,08,530	-	-	-	2,08,530	3,97,020	3,97,020
H) KUPWAP PROJECT ASSETS:										
1. Office Equipments	-	54,067	-	34,367	-	-	-	34,367	-	34,367
2. Furniture & Fixtures	82,188	3,59,597	-	4,72,785	-	-	-	4,72,785	82,188	82,188
3. Computers & Printers	51,625	2,15,826	-	2,85,451	-	-	-	2,85,451	51,625	51,625
Sub-total (H)	1,33,813	6,29,490	-	7,52,603	-	-	-	7,52,603	1,33,813	1,33,813
I) JNMURM PROJECT ASSETS:										
1. Computers & Printers	23,738	-	-	23,738	-	-	-	23,738	23,738	23,738
Sub-total (I)	23,738	-	-	23,738	-	-	-	23,738	23,738	23,738
J) 16 YONHS PROJECT ASSETS:										
1. Computers & Printers	42,657	-	-	42,657	-	-	-	42,657	42,657	42,657
Sub-total (J)	42,657	-	-	42,657	-	-	-	42,657	42,657	42,657
Total (A+B+C+D+E+F+G+H+I+J)	16,72,69,299	19,35,764	1,87,20,339	19,74,84,726	1,05,04,966	30,84,479	31,52,860	4,82,90,608	16,41,07,811	17,86,04,333
PREVIOUS YEAR	17,17,98,913	36,13,917	1,81,43,601	16,72,69,299	4,72,74,341	44,85,208	1,84,660	4,85,84,966	11,86,84,333	12,93,24,972
(K) Intangible assets										
Software - Corporate	14,28,740	38,18,031	7,85,313	60,29,064	0,54,289	18,93,409	7,63,363	25,13,661	25,16,023	5,71,451
Software - KUIDP	7,53,202	-	7,53,202	-	-	-	-	-	7,53,202	-
Software - KUPWAP	1,79,60,149	3,96,192	-	1,28,36,341	-	-	-	1,28,36,341	1,28,36,341	1,28,36,341
Software - BARP	17,43,590	4,17,607	-	21,61,197	-	-	-	21,61,197	17,43,590	17,43,590
Sub-total (K)	4,53,62,581	46,51,830	15,38,515	3,10,60,522	0,54,289	18,93,409	7,63,363	25,13,661	1,79,13,961	1,55,28,392
PREVIOUS YEAR	1,74,79,962	17,51,063	28,49,256	1,65,82,561	2,92,517	3,61,742	-	8,54,289	1,59,30,392	1,75,67,435
(L) Capital Work In Progress										
Corporate	23,46,884	-	23,46,884	-	-	-	-	-	-	23,46,884
Sub-total (L)	23,46,884	-	23,46,884	-	-	-	-	-	-	23,46,884
PREVIOUS YEAR	23,46,884	-	-	23,46,884	-	-	-	-	-	23,46,884



Notes on Financial Statements for the year ended 31st March 2016

Figures in Lakhs

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of current reporting period
	₹	₹
8 Deferred Tax Assets (Net)		
Provision for Deferred Tax Asset - for the current year * (Note No-23)	3,05,848	3,95,638
• for earlier period	15,19,955	11,24,317
TOTAL 8	18,25,803	15,19,955
9 Long-term loans and advances (Unsecured and Considered Good)		
Outstanding Megacity Project Loans Due from IA's	5,62,10,30,627	3,10,53,97,762
Outstanding KUID Project Loan Due from IA's	67,15,85,752	84,35,73,085
Outstanding KUDCEM Project Loan Due from IA's	3,31,16,05,430	3,67,74,57,554
Outstanding NKUSI Project Loan Due from IA's	2,81,67,38,624	1,97,68,75,561
Outstanding KNUWMI Project Loan Due from IA's	15,67,91,175	5,70,07,823
Outstanding KMR Project Loan Due from IA's	88,20,16,793	84,22,17,690
Outstanding JNNURM Project Loan Due from IA's	1,99,33,32,489	2,69,49,20,117
Rent Advance	98,38,875	2,75,58,526
Other Deposits	54,65,441	86,97,985
TDS receivable from Income Tax	11,32,50,404	11,32,50,404
TOTAL 9	15,58,16,55,510	13,34,69,56,507
10 Cash and Bank/Treasury Balances		
Balances with Banks	2,83,06,66,008	2,51,46,29,147
Cash on Hand	19,321	4,062
Fixed Deposits with Banks *		
UIDF Revolving Fund	4,13,45,65,019	3,76,11,06,686
CMSMTPD Fund	48,45,22,162	35,58,95,482
JNNURM Fund	25,94,42,538	18,10,98,850
Megacity	5,44,64,99,919	7,42,28,74,719
Corporate	50,000	-
JNNURM UDD Fund	5,50,529	5,07,010
Balances with PD account with State Government	1,91,84,93,006	2,08,90,33,669
TOTAL 10	15,07,48,08,502	16,32,51,51,625
* All Fixed Deposits with banks are having maturity period of less than 12 Months		



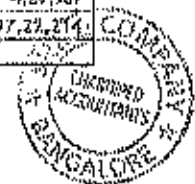
Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
11 Short-Term Loans and Advances (Unsecured and Considered Good)		
Advance to Staff	3,70,791	5,23,425
Prepaid Expenses	1,17,369	1,96,018
Advance to Consultants	5,67,601	1,27,10,891
CDP Advance to Implementing NGOs	-	93,495
Other Receivable	21,73,61,816	28,58,79,131
Govt. of Karnataka A/c - Implementation of Water Supply & UGD in 16 ULB's *	42,657	1,68,35,591
Current Dues		
KUDCEM Project Loan Due from IA's	6,59,46,07,930	5,43,49,93,726
KUIDP Project Loan Due from IA's	4,87,53,70,483	4,30,46,54,875
KMR Project Loan Due from IA's	87,49,88,269	68,34,41,835
Megacity Project Loans	1,49,24,73,426	98,57,90,309
JNNURM Project Loan Due from IA's	2,91,42,30,939	2,11,84,09,900
TOTAL 11	16,97,02,21,281	13,84,35,29,196
(*) Govt. of Karnataka A/c - Implementation of Water Supply & UGD in 16 ULB's		
Balance as per previous Balance Sheet	1,68,35,591	33,79,250
ADD: Funds received from Gok during the year	-	-
	1,68,35,591	33,79,250
LESS: Funds utilised for administration and Consultancy	-	1,34,13,684
Funds utilised to acquire fixed Assets	-	42,657
Expenditure Transferred to Other Projects	1,67,92,934	-
	1,67,92,934	1,34,56,341
Total	42,657	1,68,35,591
Notes:		
(i) The company is the nodal agency for monitoring and management of funds of the implementation of Water Supply and UGD in 16 ULB's at a total cost of Rs.205.87 Crores.		
(ii) The Funding Pattern is 50% Loan from Domestic Market Borrowings and 50% Gok Grant, which will be done through KWSPE Trust.		
(iii) Final DPR's for water supply has been submitted by the project consultant for 11 towns and 10 towns has been approved by the Chief Engineer, KUDFEC. Out of 11 Towns Karnataka and Kudachi towns have opted out of the scheme stating that their towns had sufficient water supply.		
12 Other Current Assets		
Interest receivable on Fixed Deposit- JNNURM	44,88,740	47,40,389
Interest receivable on Fixed Deposit- KUDCEM	15,79,253	16,08,652
Interest receivable on Fixed Deposit- KUIDP	16,21,61,476	16,45,78,413
Interest receivable on Fixed Deposit- Megacity	15,05,97,011	26,28,32,396
Interest receivable on Fixed Deposit- Others	4,078	-
Interest receivable on Fixed Deposit-NKUSIP	1,19,80,552	66,05,262
Interest receivable on Flexi Deposit- Corporate	1,43,679	1,74,299
Interest receivable on Flexi Deposit- Megacity	-	2,68,655
Interest receivable on Flexi Deposit-KMRP	20,97,030	25,32,109
Interest receivable on Flexi Deposit-KUWASIP	24,40,364	16,36,032
Interest receivable on Flexi Deposit-KUWSMP	3,28,795	-
Interest receivable on Flexi Deposit-NKUSIP	5,68,655	5,43,036
Interest receivable on Flexi Deposit- SCM	4,09,812	-
Other Advances	38,95,40,997	47,89,93,924
Tax Deducted at Source on Deposits	63,62,11,161	52,06,73,780
TOTAL 12	1,35,25,51,603	1,44,51,87,027



Notes on Financial Statements for the year ended 31st March 2016

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
13 Revenue from operations - Management Fee	5,99,45,738	6,76,43,384
TOTAL 13	5,99,45,738	6,76,43,384
In accordance with the accounting policy relating to revenue recognition followed by the Company, the Management Fee is recognized as income to the extent of administrative expenses during current financial year. The total administrative expenditure for the current year is Rs.617.73 Lakhs (Rs.691.22 Lakhs) and the same is met through Management Fees of Rs.599.46 Lakhs (Rs.676.43 Lakhs) and Other Income of Rs.18.27 Lakhs (Rs.14.79 Lakhs).		
14 Other income		
Documentation Charges	4,00,000	3,00,000
Interest from Bank Deposits & Others	5,85,992	6,52,794
Miscellaneous Receipts	5,62,573	2,85,847
Rent KHB Flat	2,57,680	2,57,213
Sale of Scrap & Others	78,677	3,274
TOTAL 14	18,26,922	14,79,128
15 Employee benefits expense		
Salaries and wages	1,95,50,220	2,20,09,346
Contributions to Provident and other funds	14,96,935	16,34,263
Staff welfare expenses	7,26,762	7,29,652
TOTAL 15	2,17,73,917	2,43,73,271
16 Other expenses		
Audit Fees		
- For Internal Audit	7,16,336	5,61,800
- For Statutory Audit	1,22,250	1,32,955
- For Tax Audit	40,075	28,090
Consultancy Charges	6,22,362	51,43,826
Computer Consumables	3,97,583	3,00,937
Conveyance	14,57,935	24,78,778
Electricity/Water Charges	2,51,835	8,57,488
Entertainment Expenses	2,50,454	2,18,764
Equipment Maintenance	35,23,986	40,09,910
Exhibition Charges	13,39,280	-
Flat Maintenance	1,13,028	94,485
Gift & Souvenir	2,72,293	3,21,000
Insurance	2,00,008	1,10,000
Internet Charges	7,31,726	3,50,155
Loss on Sale of Assets	6,05,893	82,349
Medical Expenses	3,08,433	3,08,663
Meeting Expenses	6,91,678	7,43,247
Membership Fees	8,86,500	7,600
News papers & periodicals	2,06,653	2,19,147
Office Maintenance	44,09,793	43,27,442
Professional Charges	1,97,237	1,08,362
Postage & Courier	2,36,713	2,34,409
Printing & Stationery	8,63,740	6,68,366
Rent CSI	33,63,614	87,63,136
Security Charges	18,90,726	14,53,397
Service charges DEO/ENG & Others	53,20,929	16,46,216
Tender Notifications/ Advertisement	3,33,038	11,31,589
Taxi hiring Charges	15,86,790	14,72,846
Telephone/Fax/Mobile, E-Mail	9,16,861	9,99,989
Training Expenses	2,90,473	12,000
Travelling Expenses - Others	3,30,715	3,85,141
Vehicle Diesel & Petrol	18,67,527	20,07,259
Vehicle Repair & Maintenance	3,50,393	4,08,512
Workshop Expenses	1,27,720	15,000
Miscellaneous Expenses	3,06,708	4,29,967
TOTAL	3,50,33,855	3,97,27,214



NOTES ON FINANCIAL STATEMENTS

Figures in brackets represent figures for the previous year. All figures are rounded off to the nearest rupee. Previous year figures have been regrouped/ rearranged wherever considered necessary to conform to the current year's classification.

Additional Notes:

17. KUIDFC is appointed as a state level nodal agency under the JNNURM scheme of Government of India. As per the scheme guidelines a Project Monitoring Unit (PMU) and Independent Review and Monitoring Agency (IRMA) is appointed to provide support to KUIDFC. The expenses incurred on PMU and IRMA is eligible for reimbursement from MoUD, Government of India. The amount reimbursed is accounted in the year of receipt and expenditure is booked during the year of incurring the expenditure. An amount of Rs.7.35 Lakhs (Rs.48.24 Lakhs) has been incurred during the year. During the year an amount of Rs.Nil (Rs.Nil) is reimbursed by Government of India. The balance expenditure pending reimbursable is Rs.205.18 Lakhs (Rs.197.83 Lakhs).

Government vide order No. UDD 75 CSS 2011 Bangalore Dated 24.5.2011 approved creation of Revolving Fund under JNNURM Scheme for Urban Infrastructure and Governance (UIG) and Basic Services to Urban Poor (BSUP) component separately out of the repayment of loan component.

18. KUIDFC is appointed as Fund Manager by Karnataka Water and Sanitation Pooled Fund Trust. The Phase-I of Chief Minister's Small & Medium Towns Development Programme (CMSMTDP) covers 211 ULBs. KWSPF Trust had availed Rs.600 crores against the sanctioned Term Loan and released to DMA during the previous years.

During the Financial Year, KWSPF Trust has raised/availed Term Loan for the CMSMTDP phase-II (211 ULBs) and Nagarothan Phase-II (7 City Corporations) Schemes.

Under CMSMTDP, KWSPF Trust has raised Rs.250 crores loan from Vijaya Bank. Out of the sanctioned Rs.500 crores, during the Financial Year availed Rs.97.00 crore loan from Syndicate Bank, Rs.64.00 crore loan from Bank of India and Rs.67.95 crore loan from Vijaya Bank and released to DMA.

Under Nagarothana 2, during the Financial Year availed Rs.14.20 crore loan from Axis Bank, Rs.22.45 crore loan from Syndicate Bank and Rs.8.00 crore loan from Bank of India and released to DMA.

19. The Department of company affairs vide Notification No. S.O.1355 (E) Dt 10.6.2011, notified KUIDFC as Public Financial Institution (PFI) under sub - section (2) of section 4A of Companies Act'1956 so repealed under section 465 of Companies Act'2013.



20. Interest is calculated on the loan component of project releases as per Govt. orders subject to applicable moratorium on all projects handled by the Company. The interest receivable is credited to GoK and debited to the respective Implementing Agencies.
21. The total Principal and Interest over dues to GOK by the IA's and Urban Local Bodies as on 31.3.2016 in Centrally sponsored Megacity scheme was Rs.2.66 crores (Rs.12.45 crores), Centrally Sponsored JNNURM Scheme was Rs.177.83 crores (114.31 crores), ADB assisted KUID Project was Rs.455.48 crores (Rs. 399.31 crores) and ADB assisted KUDCEM Project was Rs.587.86 crores (Rs. 470.49 crores), World Bank assisted KMR Project was Rs.75.44 crores (Rs.56.86 crores).
22. Income Tax assessments up to Assessment year 2012-13 (F.Y 2011-12) have been completed. Income Tax Department has to revise some of the previous year's Assessment for refund of TDS as per the decision of Hon'ble supreme Court upholding the company's contention that the company is the trustee of Government Funds. The total TDS receivable from Income Tax Department upto end of 31.3.2016 is Rs.74.95 crores.
- The Company makes necessary adjustments in respect of provision for Income Tax and taxes paid thereon on the basis of Income Tax order passed w/s 143(3) of the IT Act for the relevant assessment years.
23. Deferred Tax Asset provision for Rs.3,05,848/- (Rs. 3,95,638/- Asset) has been made for the year 2015-2016.

Particulars	Rs.	
	Current Year	Previous Year
Deferred Tax Asset		
Leave Salary Provision	2,26,665	1,17,098
Gratuity Provision	8,070	-
Loss on Sale of Asset	6,05,893	82,340
Depreciation (Asset)	1,49,171	10,80,945
Total	9,89,799	12,80,383
Deferred Tax Liability:		
Total	-	-
Net Deferred Asset/(Liability)	9,89,799	12,80,383
Deferred Tax Asset/(Liability)	3,05,848	3,95,638

The Deferred Tax provision has been calculated @ 30.90 % (P.Y 30.90%).



24. External Aid Projects Certificate Audit Fees to Statutory Auditor

Rs.

Particulars	Current Year	Previous Year
For Certification Audit	47,500	67,500
Service Tax	6,888	9,450

25. There was no direct inflow of foreign currency during the year. However, during the year Govt. of India has received in respect of NKUSI Project under Loan No. 2312- IND a sum of US\$ Nil (US\$ 1,715,688.16), Loan No. 2638-IND a sum of US\$ 8,910,286 (US\$ 12,294,524), under Loan No. 2882- IND a sum of US\$ 9,257,688 (US\$ 13,612,165) and under Loan No. 3088- IND a sum of US\$ 21,663,529 (US\$ 4,964,181) in respect of KIUWMI Project under Loan No. 3148- IND a sum of US\$ 4,437,870 (US\$ Nil), from Asian Development Bank. Under the World Bank assisted KMRP, Govt of India has received a sum of US\$19,641,035.50 (US\$ 32,200,258.47)

(Source: Asian Development Bank -Loan Financial Information Services (LFIS) and World Bank-Client connection)

26. As on March 31, 2016, the Company has no outstanding dues to Units covered by Micro, Small and Medium Industries Development Act, 2006.

27. Advances under project including EAP are released as per contractual terms against BG and adjustments are made in the running bill/monthly bills for contractor/ consultants/ NGO's. Advances given to IAs are adjusted against utilization certificates furnished as per the funding agencies guidelines.

28. Contingent Liabilities :

(a) Claims against the company not acknowledged as debts in respect of Civil works contract in KUDCEM Project for Rs.5.84 Crores (Rs.5.84 Crores).

(b) Claims against the company not acknowledged as debts in respect of Liquidated Damages deducted in respect of Civil works contract in KUDCEM Project for Rs.0.19 Crores (Rs.0.19 Crores) the matter is under litigation.

(c) Disputed claims against the company for Service Tax not acknowledged as debt is Rs.3.34 Crores (Rs.3.34 Crores). The CESTAT, South zonal Bench, Bangalore has granted stay in favour of Company vide its order Dt 13.11.2014.



29. SIGNIFICANT ACCOUNTING POLICIES:

29.1 General :

- i. The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the mandatory accounting standards as prescribed under section 133 of Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (to the extent notified).
- ii. All items of Income and expenditure having a material bearing on the Company's Financial Statements are recognized on accrual basis except as stated otherwise.
- iii. Use of Estimates; The preparation of financial statements in conformity with the Principles in India requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of Assets, Liabilities, Income, Expenses and disclosures of contingent liability on the date of financial statements. Actual results could differ from those estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognized prospectively in Current and future Period.

29.2 Treatment of grants :

- i. The Company receives project specific grants both under externally aided projects and centrally sponsored schemes. To the extent grants are utilised for acquisition of fixed assets, equivalent amount is transferred from project grant account to capital reserve.
- ii. To the extent grants are utilised for release as loan to the Implementing Agencies, equivalent amount is transferred from Project grant account 'due to' respective scheme/project accounts. To the extent amounts are released as grant to the implementing agencies, the same is charged off against the grants received from the Government.

29.3 Revolving Funds:

- i. As per relevant Government Order, Mega City Revolving Fund (MCRF) under the centrally sponsored Mega City scheme and Urban Infrastructure Development Fund (UIDF) under Externally Aided Projects and Centrally Sponsored Schemes are maintained to which loan repayments by the Implementing Agencies, interest on loan component recovered from Implementing Agencies and earnings on deployment of unutilised project grants are credited on realisation basis.



29.4 Revenue Recognition:

- i. In accordance with GoK letter No. UDD 13 PRJ 06 dated 3.5.2006, in lieu of Management fee, the administrative expenses of the Company will be provided by the Government through the Budget.
- ii. Management Fee payable by GOK is recognized as income to the extent of administrative expenses of the respective financial year.

29.5 Fixed Assets :

- i. Fixed assets are stated at cost, less accumulated depreciation.
- ii. The depreciation is charged on non project assets over the useful lives of assets at the rates and manner stipulated under schedule II of the Companies Act, 2013 on Written Down Value method, commencing from the date the asset is available in the company for its use.
- iii. Leasehold Land is Amortized over the lease period.
- iv. Intangible Assets are amortized over their respective individual estimated useful lives on Written Down Value method, commencing from the date the asset is available in the company for its use.
- v. No depreciation is charged on the assets acquired under projects as the same are acquired out of the grants received under the specific projects. Residual cost if any, after setting off the value realised on disposal of such assets on completion of the project, shall be set off against the specific project grant.

29.6 Impairment of Assets:

- i. Assets belonging to the Company (not project Assets) are treated as impaired when the carrying cost of such assets exceed their recoverable value. Impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

29.7 Investments :

- i. Investments are classified as long term investments and stated at cost. No provision is made for temporary decline/increase in value of investments.



29.8 Taxation :

- i. The provision for Income Tax is calculated in accordance with the relevant tax regulations applicable to the Company.
- ii. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liability are measured as per the tax rates/ laws that have been enacted or substantively enacted by the balance sheet date and are reviewed for appropriateness of their respective carrying values at each balance sheet date.

29.9 Retirement Benefits:


Provisions for Contributions to retirement benefits schemes are made as follows:

- i. Provident fund on actual liability basis.
- ii. Gratuity based on actuarial valuation through Group Gratuity Policy of LIC.
- iii. Leave Encashment benefits on actual liability basis.

Place / Bangalore

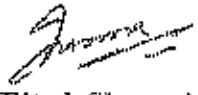
Date : 17-08-2014

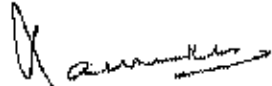

(Srivatsa Krishna)
Chairman


(V. Dhanuraj)
Managing Director

As per our report of even date
for SNR & Company,
Chartered Accountants
FRN: 014401N




(Ritesh Sharma)
Partner M.No: 210900


(K.M. Ramesh)
General Manager - Project Finance
Company Secretary -I/c

