

# Audited Project Financial Statements

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Project Number: 43253-025  
Loan/Grant Number: 3148  
Period covered: 01 April 2014 – 31 March 2015

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

Prepared by Karnataka Urban Infrastructure Development & Finance Corpn. Ltd., Regd.  
Office (KUIDFC)

For the Asian Development Bank  
Date received by ADB: 30 September 2015

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.

ಕರ್ನಾಟಕ ನಗರ ಮೂಲಸೌಕರ್ಯ ಅಭಿವೃದ್ಧಿ

ಮತ್ತು ಹಣಕಾಸು ನಿಗಮ ನಿಯಮಿತ

ನೋಂದಾಯಿತ ಕಛೇರಿ : ಸಿಲ್ವರ್ ಜುಬಿಲಿ ಬ್ಲಾಕ್,

ಎರಡನೇ ಮಹಡಿ, ಯುನಿಟ ಬಿಲ್ಡಿಂಗ್ಸ್ ಅನೆಕ್ಸ್, 3ನೇ ಅಡ್ಡರಸ್ತೆ,

ಮಿಷನ್ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 027

ದೂರವಾಣಿ : 080-22232021, 22232134, ಫ್ಯಾಕ್ಸ್ : 22232157



SDG  
Karnataka Urban Infrastructure  
Development & Finance Corp. Ltd.,

Regd. Office : Silver Jubilee Block, 2nd Floor,

Unity Building Annexe, 3rd Cross,

Mission Road, Bangalore - 560 027.

Phone : 080-22232021, 22232134 Fax : 22232157

E-mail : info@kuidfc.com, website: www.kuidfc.com

No. KUIDFC/FIN/ADB/AUD-APA/2014-15/

September 28, 2015

Ms. M. Teresa Kho,  
Country Director,  
Asian Development Bank,  
India Resident Mission,  
4, San Martin Marg,  
Chanakyapuri,  
NEW DELHI - 110 021.



Madam,

**Sub : ADB assisted KIUWMIP Project – Loan No. 3148 IND – Project 1 -  
Submission of audited Annual Financial Statement (AFA) and Audited  
Project Accounts (APA) - FY 2014-15 – Reg.**

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With reference to the subject cited above, as per the project agreement requirement, we are forwarding herewith audited Annual Financial Statement (AFS) for FY 2014-15 and Audited Project Accounts(APA), certificate of verification audit dated 23.09.2014 under KIUWMIP Loan No. 3148 IND – Project – 1, for the FY 2014-15, issued by M/s. SNR & Company, Chartered Accountants, Bangalore for your information and records.

Thanking you,

Yours faithfully,

General Manager (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), 5<sup>th</sup> Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi – 110 001.

**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 URBAN WATER MANAGEMENT INVESTMENT PROGRAM ("KUIWMIP") ("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 31,2015, 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 Section133 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 there under.





SNR & Company  
Chartered Accountants

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.

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 31<sup>st</sup> March 2015, 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 KIUWMIP for the loan for the year ended March 31, 2015 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.

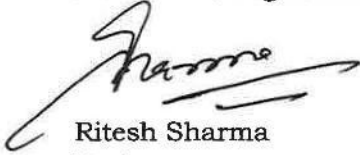


SNR & Company  
Chartered Accountants

**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: 23th September, 2015



ADB assisted KIUWMI Programme- Notes on Financial Statements for the year ended 31st March 2015

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	₹	₹
<b>1. Reserves &amp; Surplus</b>		
<b>Project Reserve:</b>		
Balance as per previous Balance Sheet	-	-
Add: Grants Utilised towards :		
(i) Fixed Assets	1,33,813	-
Less: Deletion/Adjustment of Fixed Assets	-	-
<b>TOTAL</b>	<b>1,33,813</b>	<b>-</b>
<b>2. Other Long Term Liabilities</b>		
Outstanding Principal Due to GOK-UIDF-RF	5,70,07,823	-
<b>TOTAL</b>	<b>5,70,07,823</b>	<b>-</b>
<b>3. Short Term Borrowings</b>		
Branch Payable	6,66,92,731	1,416,188
<b>TOTAL</b>	<b>6,66,92,731</b>	<b>1,416,188</b>
<b>4. Other Current Liabilities</b>		
Government of Karnataka A/c (KIUWMI Project)	12,46,64,928	148,266,479
Other Payables	42,37,447	317,333
<b>TOTAL</b>	<b>12,89,02,375</b>	<b>148,583,812</b>
<b>5. Long-term loans and advances</b>		
Outstanding KIUWMI Project Loan Due from IA's	5,70,07,823	-
<b>TOTAL</b>	<b>5,70,07,823</b>	<b>-</b>
<b>6. Cash and Bank/Treasury Balances</b>		
PD A/c with State Govt- KIUWMIP	7,50,00,000	150,000,000
Vijaya Bank-Indiranagar- KIUWMIP	7,56,62,599	-
<b>TOTAL</b>	<b>15,06,62,599</b>	<b>150,000,000</b>
<b>7. Short-Term Loans and Advances</b>		
Advance to Consultants	1,27,04,750	-
Other Receivable	1,72,74,991	-
Inter Project Receivable	11,56,991	-
<b>TOTAL</b>	<b>3,11,36,732</b>	<b>-</b>
<b>8. Other Current Assets</b>		
Tax Deducted at Source on Deposits	28,275	-
Other Advances	1,37,67,500	-
<b>TOTAL</b>	<b>1,37,95,775</b>	<b>-</b>





## 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. 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 Byadagi;
- (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 Byadagi 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 Byadagi;
- (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 IT-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 Program (\$ Mn)	Share (%)	Tranch 1 (\$ Mn)	Share (%)
ADB	150.0	66.1	75.0	63.8
UFPF	2.0	0.9	1.8	1.5
GoK and other agencies	75.0	33.0	40.8	34.7
<b>Total</b>	<b>227.0</b>	<b>100.0</b>	<b>117.6</b>	<b>100.0</b>

**Programme Period:**

The Project is expected to be completed by 31 March 2019. Loan closing date is 30 September 2019.

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:**

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 GoK and debited to the respective Implementing Agencies.





12. As on March 31, 2015, the Company has no outstanding dues to Units covered by Micro, Small and Medium Industries Development Act, 2006.
13. 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.

#### 14. SIGNIFICANT ACCOUNTING POLICIES:

##### 14.1 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 defer 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.

##### 14.2 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.



#### 14.3 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.

#### 14.4 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.

#### 14.5 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.

#### 14.6 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.





14.7 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.

14.8 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.

14.9 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.

14.10 Preliminary Expenses :

- i. Preliminary expenses are accounted as per Accounting Standard 26 of The Institute of Chartered Accountants of India.

Place : Bangalore

Date : 23-09-2015




(K.M.Ramesh)

General Manager - Project Finance



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



(Ritesh Sharma)  
Partner M.No: 210900



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 RECEIPTS AND PAYMENTS  
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2015**

in (INR) '000

Particulars	Note reference	During the	During the	Cumulative project to Date As at [end of CURRENT Year]
		Current Year for 12 month period	Previous Year for 12 month period	
Opening Balance 1(A)		150,000	-	-
<b>Receipts</b>				
Funds received from Government <sup>2</sup>		150,000	150,000	300,000
ADB Loan <sup>3</sup>				-
ADB Grant <sup>3</sup>				-
Co - financier <sup>1</sup>				-
Co - financier <sup>2</sup>				-
Beneficiary Contribution (if any)		-		-
Other receipts such as interest income, sale from disposals of fixed assets etc.		64,120	1,416	65,536
<b>Total Receipts (B)</b>		214,120	151,416	365,536
<b>Total (C = A + B)</b>		364,120	151,416	365,536
<b>Payments</b>				
Investment costs <sup>4</sup>				
Civil Works		172,750	-	172,750
Equipments		-	-	-
other cost - Land Acquisition		13,613	-	13,613
<b>Total Investments ( D )</b>		186,363	-	186,363
<b>Recurrent Costs</b>				
Consultancy and Administration		27,094	1,416	28,510
<b>Total Payments (E)</b>		213,457	1,416	214,873
Financing Charges During Implementation ( E )		-	-	-
<b>Total Project Cost (F=D+E)</b>		186,363	-	186,363
Closing Balance (C - E)		150,663	150,000	150,663

1. If cash balance are controlled by the entity, indicating cash balance, imprest account and SGIA balance separately

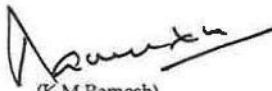
2. These will include external assistance received by Government for the project

3. this shall include amounts received in the Bank Account as well as amounts deemed to be received against direct payments made by ADB 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 4 of the financial statements form an integral part of these financial statements

  
(K.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

in (INR) '000

**STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER  
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2015**

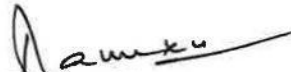
Particulars	ADB		Co-Financier		Government		Total Expenditure	
	% Financing	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount	%	Amount	%	Amount		%
<b>Investment costs 2</b>								
Civil Works	79%	136,473	79%		36,277	21%	172,750	
Equipments	89%	-	-		-	-	-	
other cost - Land Acquisition	0%	-	0%		13,613	100%	13,613	
Consultancy and Administration	0%	-	0%		28,510	100%	28,510	
<b>Total Cost</b>		<b>136,473</b>	<b>64%</b>		<b>78,400</b>	<b>36%</b>	<b>214,873</b>	
% OF Total project Cost		3%			3%		3%	
Total Project Cost for indicative as at 31.3.2015		4,676,663			2,544,104		7,333,007	

Note : 1. Loan Agreement signed 30 December 2014 and project was effective from

Note : INDICATIVE PROJECT COST AS AT 31.3.2015

Tranches	ADB	UFPF	GoK	Total
Tranche 1 - 3148 IND IN USD @ 62.3555	75.00	1.80	40.80	117.60
Project cost in INR approximate @ 62.3555 / USD in INR '000	4,676,663	112,240	2,544,104	7,333,007

Note : ADB letters for exchange rate indicate RBI indicative rate @ 62.3555 / USD, the same is used for calculation indicative project cost

  
(K.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

**4. Funds Received from the Government**

**REPORT FOR THE YEAR / PERIOD ENDED 31st March 2015**

Give details of the government budgeting and funding mechanism

Particulars	Current Year	Prior year	Cumulative Year to date
Government counterpart funding Amount Reimbursable to Government	150,000	150,000	300,000
	150,000	150,000	300,000

**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	13-Mar-15	12-Feb-14





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 2015

**Statement of Disbursement**

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	172,750	-	172,750
Imprest Fund	6.2			
Direct payment	6.3			
Commitment Letter	6.4			
Subtotal	(A)	172,750	-	172,750
Total Expenditure made during the year	(B)	213,457	1,416	214,873
add : prior year eligible		-	-	
Less :				
not claimed		-	-	
Borrower's share & Ineligible	(D)	40,707	1,416	42,123
Total Eligible Expenditure claimed ( B - C - D = E = A )	(E)	172,750	-	172,750



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 2015

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.

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	136,473	-	136,473
- By Imprest Account	6.2			
-By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		136,473	-	136,473
ADB Grant		-	-	-
ADB loan and Grant Total		136,473	-	136,473

6.1 Funds Received from ADB through Reimbursement Method

**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/App. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing %	Net Eligible Expenses	Amount Reimbursed	Imprest Fund Replenished / Liquidated	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 2015**

T1-0001	WA 001	001	01	172,750	79%	136,473	136,473		136,473	Documented
Total claim after 31st March 2015				172,750		136,473	136,473		136,473	

**DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2013-2014**  
**REPORT FOR THE YEAR / PERIOD ENDED 31st March 2014 - 2013 - 2014**

NO CLAIMS DURING 2013-14



**Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - 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 2015

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

STATEMENT OF IMPREST ACCOUNT

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

6.2.1

The US \$ equivalent notational 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**

Details of Payments made directly by ADB are given below

6.3

**Not Applicable since no direct payments by ADB under the project**

Details of payments made through commitment procedure

6.4

**Not Applicable since no commitment procedure used**

Details of Grants

6.5

**Not Applicable since no Grants given by ADB**



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

6.6 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 2015**

Application No.	W/Apl. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing %	Net Eligible Expenses	Amount Reimbursed	Imprest Fund Replenished / Liquidated	Total Disbursement Using SOE Procedure	Disbursement Procedure
1	2	3	4	5	6=4x5	7	8	9= 7+8		
										SOE
<b>NO SOE CLAIMS</b>										

The financing percentages within the table for ADB funds are as per loan agreement schedule 3







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

NOTES TO THE FINANCIAL STATEMENTS

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2015

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

	Current Year	Prior year	Cumulative Year to date
<b>I) Expenditures by Component for Tranche 1</b>			
Works			
Sanitation Infrastructure			
Davanagere - 01DVG01	110,000	-	110,000
Harihara - 01HRA01	62,750	-	62,750
Equipments	-	-	-
Consultancy & Administration expenses including advances	27,094	1,416	28,510
<b>Total Expenditure</b>	<b>199,844</b>	<b>1,416</b>	<b>201,260</b>
<b>II) Land Acquisition</b>	<b>13,613</b>	<b>-</b>	<b>13,613</b>
<b>Total Expenditure - ( I + II ) - Loan 3148 IND</b>	<b>213,457</b>	<b>1,416</b>	<b>214,873</b>



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 APPROPRIATION VS ACTUAL

Cost Categories	For the Current Year Ended 2015				For the Prior Year Ended 2014				Cumulative from [beginning of Project] to year to date			
	Budgeted Expenditure	Actual Expenditure	Utilisation Percentage	Variance	Budgeted Expenditure	Actual Expenditure	Utilisation Percentage	Variance	Budgeted Expenditure	Actual Expenditure	Utilisation 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
<b>I) Expenditures by Component for Tranche 1</b>												
Works	200,000	172,750	86%	27,250	-	-		-	200,000	172,750	86%	27,250
Equipments	-	-		-	-	-		-	-	-		-
Consultancy & Admin exp incld advances	30,000	27,094	90%	2,906	1,750	1,416	81%	334	31,750	28,510	90%	3,240
<b>Total</b>	<b>230,000</b>	<b>199,844</b>	<b>87%</b>	<b>30,156</b>	<b>1,750</b>	<b>1,416</b>	<b>81%</b>	<b>334</b>	<b>231,750</b>	<b>201,260</b>	<b>87%</b>	<b>30,490</b>
<b>II) Land Acquisition</b>	<b>13,613</b>	<b>13,613</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>13,613</b>	<b>13,613</b>	<b>100%</b>	<b>-</b>
<b>Total Expenditure - ( I + II )</b>	<b>243,613</b>	<b>213,457</b>	<b>88%</b>	<b>30,156</b>	<b>1,750</b>	<b>1,416</b>	<b>81%</b>	<b>334</b>	<b>245,363</b>	<b>214,873</b>	<b>88%</b>	<b>30,490</b>
Financing Charges During Implementation	-	-		-	-	-		-	-	-		-
<b>Total Project Cost</b>	<b>243,613</b>	<b>213,457</b>	<b>88%</b>	<b>30,156</b>	<b>1,750</b>	<b>1,416</b>	<b>81%</b>	<b>334</b>	<b>245,363</b>	<b>214,873</b>	<b>88%</b>	<b>30,490</b>
Grand Total of Expenditures in USD												

Note : Budgeted expenditures are based on the progress targeted in the works, the same are indicated to GOK, GOI and ADB.



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

in (INR) '000

EXPENDITURE BY OUTPUT COMPONENTS

Cost Categories	Unallocable common costs			Output1.2			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
<b>I) Expenditures by Component for Tranche 1</b>												
Works	-	172,750	172,750	-	172,750	172,750				-	172,750	172,750
Equipments	-	-	-	-	-	-				-	-	-
Consultancy & Admin exp incld advances	1,416	27,094	28,510							1,416	27,094	28,510
<b>Total</b>	1,416	199,844	201,260	-	172,750	172,750	-	-	-	1,416	199,844	201,260
<b>II) Land Acquisition</b>	-	13,613	13,613	-	13,613	13,613				-	13,613	13,613
<b>Total Expenditure - ( I + II )</b>	1,416	213,457	214,873	-	186,363	186,363	-	-	-	1,416	213,457	214,873
Financing Charges During Implementatio	-	-	-	-	-	-				-	-	-
<b>Total Project Cost</b>	1,416	213,457	214,873	-	186,363	186,363	-	-	-	1,416	213,457	214,873
<b>Note : Sanitation infrastructure is taken to output and consultancy &amp; admin expenditure is retained in the expenditure</b>												
% of Total Project Cost		3%										





Karnataka Urban Infrastructure Development and Finance Corporation Ltd, Bangalore.

CIN No. U85110KA1993SGC014869

ADB assisted KIUWMI Programme Balance Sheet as at 31st March 2015

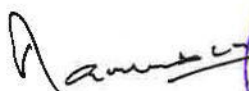
PARTICULARS	Note No.	Figures as at the end of	
		current reporting period	Figures as at the end of previous reporting period
		₹	₹
<b>I EQUITY &amp; LIABILITIES</b>			
Shareholders' Funds			
Share Capital		-	-
Reserves & Surplus	1	1,33,813	-
Non-Current Liabilities			
Other Long Term Liabilities	2	5,70,07,823	-
Long Term Provisions		-	-
Current Liabilities			
Short Term Borrowings	3	6,66,92,731	1,416,188
Other Current Liabilities	4	12,89,02,375	148,583,812
Short Term Provisions		-	-
<b>TOTAL OF EQUITY &amp; LIABILITIES</b>		<b>25,27,36,742</b>	<b>150,000,000</b>
<b>II. ASSETS</b>			
Non-Current Assets			
Fixed Assets			
Tangible Assets		133,813	-
Intangible Assets		-	-
Capital Work-in-Progress		-	-
Deferred Tax Assets (Net)		-	-
Long-Term Loans and Advances	5	5,70,07,823	-
Current Assets			
Cash and Bank Balances	6	15,06,62,599	150,000,000
Short-Term Loans and Advances	7	3,11,36,732	-
Other Current Assets	8	1,37,95,775	-
<b>TOTAL OF ASSETS</b>		<b>25,27,36,742</b>	<b>150,000,000</b>
Notes on Financial Statements	1 to 14		

Notes referred above are an integral part of Financial Statements

Place: Bangalore  
Date : 23-09-2015

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

for KUIDFC Ltd



(K.M.Ramesh)  
Gen. Manager- Project Finance





(Ritesh Sharma)  
Partner M. No: 210900