

Audited Project Financial Statements

Project Number: 43253-025
Loan/Grant Number: Loan 3148-IND
Period covered: 1 April 2018 to 31 March 2019

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

Prepared by Karnataka Urban Infrastructure Development and Finance Corporation,
Bangaluru, Karnataka

For the Asian Development Bank
Date received by ADB: 30 September 2019

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 Access to Information Policy and as agreed between ADB and the Karnataka Urban Infrastructure Development and Finance Corporation, Bengaluru



No. KUIDFC/FIN/ADB/AUD-APA/2019-20/

September 27, 2019

Mr. Kenichi Yokoyama,
Country Director,
Asian Development Bank,
India Resident Mission,
P.O.Box-5331,4, San Martin Marg,
Chanakyapuri,
New Delhi – 110 021

Sir,

**Sub : ADB assisted KIUWMIP Project – Loan No.-3148 IND – Project 1 -
Submission of audited Annual Financial Statement (AFA) and Audited
Project Accounts (APA) - FY 2018-19 – 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 2018-19 and Audited Project Accounts (APA), Certificate of verification audit dated 27.09.2019 under KIUWMIP Loan No.3148-IND, Project-1, for the FY 2018-19, issued by M/s. G.V.Acharya & Co., 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), 5th Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi – 110 001.
3. Additional Secretary to Gok, (FR), Finance Dept, 1st Floor, 3rd Stage, M.S Building, Bangalore



G.V. ACHARYA & Co.

CHARTERED ACCOUNTANTS

Partners : G. Vamanacharya, B.Com., F.C.A., G.V. Shreesh Acharya, B.Com., F.C.A., DISA

310, 3rd Floor, 9/1, Commerce House, Cunningham Road, Bangalore - 560 052
© : 22202065 / 22285903 e-mail : gvacharyaco@gmail.com web : www.cagvacharya.com

Ref. :

Date :

27.09.2019

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 31,2019, 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 there under.



G.V ACHARYA & Co.
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 31st March 2019, 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, 2019 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.



G.V ACHARYA & Co.

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 G.V Acharya & Co.,

Chartered Accountants

ICAI Firm's Registration No. 000029S

G.Vamanacharya

G.Vamanacharya

Partner

ICAI Membership No. 009850

Bangalore: 27th September, 2019



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 No : 3148 IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

In (INR) '000

Particulars	Note reference	During the Current Year	During the Previous Year	Cumulative project to Date
		for 12 month period	for 12 month period	As at [end of Current Year]
Opening Balance 1(A)		228,849	325,329	-
Receipts				
Funds received from Government 2		2,017,000	1,157,800	4,349,800
ADB Loan 3				-
ADB Grant 3				-
Co - financier 1				-
Co - financier 2				-
Beneficiary Contribution (if any)		98,492	74,279	177,771
Other receipts such as interest income, sale from disposals of fixed assets etc.		(1,866)	(2,866)	184,751
Total Receipts (B)		2,113,626	1,229,213	4,712,322
Total (C = A + B)		2,342,475	1,554,542	4,712,322
Payments				
Investment costs 4				
Civil Works		2,018,786	1,254,278	4,171,663
Equipments			-	-
other cost - Land Acquisition		3,572	-	17,323
Total Investments (D)		2,022,358	1,254,278	4,188,986
Recurrent Costs				
Consultancy and Administration		32,548	71,415	235,767
Total Payments (E)		2,054,906	1,325,693	4,424,753
Financing Charges During Implementation (F)		75,152	25,875	123,864
Total Project Cost (F = E + F)		2,130,058	1,351,568	4,548,617
Closing Balance (C - E)		287,569	228,849	287,569

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

(R. Vishnu Varman)
General Manager - Finance
KUIDFC



(G. Vamanacharya)
Partner M.No: 009850
G.V.Acharya & Co, FRN: 0000295



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 No : 3148 IND

STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

In (INR) '000

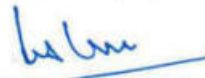
Particulars	ADB			Co-Financier		Government		Total Expenditure
	Percentage of Financing	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount	%	Amount	%	Amount	%	
Investment costs 2								
Civil Works	79%	3,304,003	79%			867,660	21%	4,171,663
Equipments	89%	-	-			-	-	-
other cost - Land Acquisition	0%	-	0%			17,323	100%	17,323
Consultancy and Administration	0%	-	0%			235,767	100%	235,767
Total Cost		3,304,003				1,120,750		4,424,753
% OF Total project Cost		61%				36%		52%
Total Project Cost for indicative as at 31.3.2019		5,460,270				3,101,433		8,561,703

Note : 1. Loan Agreement signed on 30th December 2014 and project was effective from 07th May 2015

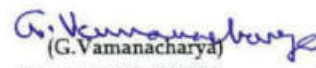
Note : INDICATIVE PROJECT COST AS AT 31.3.2019

Tranches	ADB	UFPF	GoK	Total
Tranche 1 - 3148 IND IN USD	75.00	1.80	40.80	117.60
Project cost in INR approximate @ 72.8036 / USD in INR '000	5,460,270	131,046	2,970,387	8,561,703

Note : ADB letters for exchange rate indicate RBI indicative rate @ 72.8036 / USD, the same is used for calculation indicative project cost


(R. Vishnu Varman)
General Manager - Finance
KUIDFC




(G. Vamanacharya)
Partner M.No: 009850
G.V.Acharya & Co, FRN: 000029S



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 No : 3148 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

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	2,017,000	1,157,800	4,349,800
Government of Karnataka has provided budgetary allocation and released the project funds to KUIDFC			
Total	2,017,000	1,157,800	4,349,800

5. DATE OF AUTHORIZATION

Government of Karnataka has authorised 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	6-Apr-18	6-May-17
	29-Aug-18	2-Aug-17
	30-Oct-18	16-Oct-17
	16-Jan-19	7-Feb-18
	25-Mar-19	



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 No : 3148 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

Statement of Disbursement (Expenditure Incurred)

6 A. 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 (Expenditure)	6.1	2,050,948	1,233,628	4,182,281
submitted during the year		1,463,030	1,124,881	3,239,138
Claims in the subsequent period		587,918	108,747	768,394
Imprest Fund	6.2	-	-	-
Direct payment	6.3	-	-	-
Commitment Letter	6.4	-	-	-
Sub Total	(A)	2,050,948	1,233,628	4,182,281
Total Expenditure made during the year	(B)	2,054,906	1,325,693	4,424,753
Add : Prior year eligible	(C)	-	-	-
Add : Statutory remittances/deductions	(D)	28,561	(20,650)	7,018
Less : Borrower's share & Ineligible	(E)	36,120	71,415	253,090
Total Eligible Expenditure claimed (B + C + D - E = A)	(E)	2,047,347	1,233,628	4,178,680

6. B - RECONCILIATION OF ADB REIMBURSEMENT CUMULATIVE RECEIVED

in (INR) '000

As per ADB LFIS		3,304,002	
As per KUIDFC claims		Cumulative	Remarks
Current Year (2018-2019)	1,620,249	3,304,002	ADB reimbursement includes up to April & May 2019
Current Year (2017-2018)	974,566	1,683,754	
Previous Year (2016-2017)	419,958	709,188	
Previous Year (2015-2016)	289,229	289,229	
TOTAL KUIDFC CLAIMS REIMBURSED	3,304,002		
ANY DIFFERENCE			



REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

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	1,620,249	974,566	3,304,003
Reimbursement during the year		1,155,793	888,656	2,560,499
Reimbursement in the subsequent period		464,455	85,910	607,031
- By Imprest Account	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		1,620,249	974,566	3,304,003
ADB Grant		-	-	-
ADB loan and Grant Total		1,620,249	974,566	3,304,003

6.1 Funds Received from ADB through Reimbursement Method

DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2018-2019

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019 - 2018 - 2019

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 2018-2019 SUBMITTED BEFORE 31ST MARCH 2019										
T1-0032	WA 032		01	51,803	79%	40,925	40,925		40,925	Documented
T1-0033	WA 033		01	497,991	79%	393,413	393,413		393,413	Documented
T1-0034	WA 034		01	100,933	79%	79,737	79,737		79,737	Documented
T1-0035	WA 035		01	44,292	79%	34,991	34,991		34,991	Documented
T1-0036	WA 036		01	100,371	79%	79,293	79,293		79,293	Documented
T1-0037	WA 037		01	95,076	79%	75,110	75,110		75,110	Documented
T1-0038	WA 038		01	29,879	79%	23,604	23,604		23,604	Documented
T1-0039	WA 039		01	78,064	79%	61,670	61,670		61,670	Documented
T1-0040	WA 040		01	53,501	79%	42,266	42,266		42,266	Documented
T1-0041	WA 041		01	63,818	79%	50,416	50,416		50,416	Documented
T1-0042	WA 042		01	28,347	79%	22,394	22,394		22,394	Documented
T1-0043	WA 043		01	114,201	79%	90,219	90,219		90,219	Documented
T1-0044	WA 044		01	204,754	79%	161,755	161,755		161,755	Documented
Total claim up to 31st March 2019				1,463,030		1,155,793	1,155,793		1,155,793	
Total claim after 31st March 2019										
T1-0045	WA 045		01	225,686	79%	178,292	178,292		178,292	Documented
T1-0046	WA 046		01	274,081	79%	216,524	216,524		216,524	Documented
T1-0047	WA 047		01	88,151	79%	69,640	69,640		69,640	Documented
Total claim after 31st March 2019				587,918		464,455	464,455		464,455	
GRAND TOTAL CLAIM FOR 2018-2019				2,050,948		1,620,249	1,620,249		1,620,249	

DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2017-2018

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2018 - 2017 - 2018

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 2017-2018 SUBMITTED BEFORE 31ST MARCH 2018										
T1-0020	WA 020		01	106,563	79%	84,185	84,185		84,185	Documented
T1-0021	WA 021		01	35,690	79%	28,195	28,195		28,195	Documented
T1-0022	WA 022		01	71,625	79%	56,584	56,584		56,584	Documented
T1-0023	WA 023		01	128,525	79%	101,534	101,534		101,534	Documented
T1-0024	WA 024		01	41,121	79%	32,486	32,486		32,486	Documented
T1-0025	WA 025		01	170,475	79%	134,675	134,675		134,675	Documented
T1-0026	WA 026		01	146,357	79%	115,622	115,622		115,622	Documented
T1-0027	WA 027		01	297,295	79%	234,863	234,863		234,863	Documented
T1-0028	WA 028		01	69,009	79%	54,517	54,517		54,517	Documented
T1-0029	WA 029		01	58,219	79%	45,993	45,993		45,993	Documented
Total claim up to 31st March 2018				1,124,881		888,656	888,656		888,656	
Total claim after 31st March 2018										
T1-0030	WA 030		01	52,009	79%	41,087	41,087		41,087	Documented
T1-0031	WA 031		01	56,738	79%	44,823	44,823		44,823	Documented
Total claim after 31st March 2018				108,747		85,910	85,910		85,910	
GRAND TOTAL CLAIM FOR 2017-2018				1,233,628		974,566	974,566		974,566	



**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 2020
Date of Financial Closure	:	30 June 2020

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 principal repayment period of 20 years and a grace period as defined in sub section(c) hereinafter.
- (c) The term "Grace Period" as used in subsection (b) herein above means the period prior to the first principal payment Date in accordance with the amortization schedule set forth in schedule 2 to this 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 September and 15 March in each year.

Disbursement Procedures

Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.



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 No : 3148 IND

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 2019

	In (INR) '000	
	Prior Year	Current Year
Balance brought forward from previous period		
Add:		
Advance		
Replenishment received during the year/period		
Interest Earned		
Subtotal (A)		
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	

The US \$ equivalent notational amount held at the RBI in respect of the above imprest Account balance is -

6.2.1 - US & (bank statement attached)

Not Applicable since Imprest Account Not Availed

6.3 Details of Payments made directly by ADB are given below

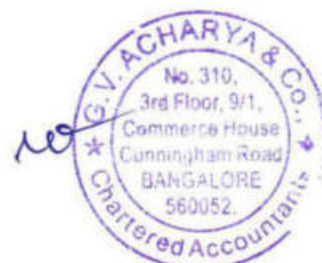
Not Applicable since no direct payments by ADB under the project

6.4 Details of payments made through commitment procedure

Not Applicable since no commitment procedure used

6.5 Details of Grants

Grants is given by ADB under Urban Financing Partnership Facility (UFPF) for \$1,800,000 & the Grant No. 0399-IND.



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 No : 3148 IND

NOTES TO THE FINANCIAL STATEMENTS

5.6. 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 2019

In (INR) '000

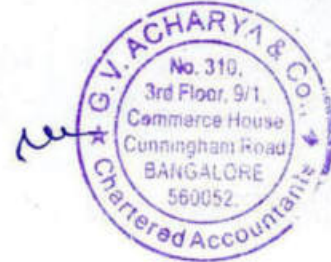
Application No.	W/Appl. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing %	Net Eligible Expenses	Amount Reimbursed	Imprest Fund Replenished / Liquidated	Total Disbursement Using SOE Procedure	Disbursement Procedure
1	2	3	4	5	6=4x5	7	8	9= 7+8		
NO CLAIMS UNDER SOE										
Total claim up to 31st March 2019										

DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2018

In (INR) '000

Application No.	W/Appl. 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		
NO CLAIMS UNDER SOE										
Total claim up to 31st March 2018										

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 No : 3148 IND

NOTES TO THE FINANCIAL STATEMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

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			
A. Sanitation Infrastructure			
Davanagere - 01DVG01	259,252	181,495	710,360
Davanagere - 01DVG01 A	43,301	87,034	380,532
Harihara - 01HRA01	147,342	140,298	576,956
Byadagi - 01BDG01	204,343	92,996	394,115
			-
B. Water Supply			-
Davanagere - 01WS01	99,600	539,771	639,371
Davanagere - 01WS05	929,255	-	929,255
Harihara - 01HRA2	117,669	83,427	201,096
Harihara - 01WS04	165,862	53,521	219,383
Byadagi - 01BDG02	12,962	44,734	57,696
Byadagi - 01WS03	51,643	27,061	78,704
			-
Statutory remittances	(12,443)	3,941	(15,805)
Equipments	-	-	-
Consultancy & Administration expenses including advances	32,548	71,415	235,767
I) Total Expenditure	2,051,334	1,325,693	4,407,430
II) Land Acquisition	3,572	-	17,323
Total Expenditure - (I + II) - Loan 3148 IND	2,054,906	1,325,693	4,424,753



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 No : 3148 IND

STATEMENT OF APPROPRIATION VS ACTUAL

In (INR) '000

Cost Categories	For the Current Year Ended 2019				For the Year Ended 2018				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
I) Expenditures by Component for Tranche 1												
Works	2,194,333	2,018,786	92%	175,547	1,363,345	1,254,278	92%	109,068	4,546,644	4,171,663	92%	374,982
Equipments	-	-		-	-	-		-	-	-	0%	-
Consultancy & Admin exp incld advances	32,548	32,548	100%	-	71,415	71,415	100%	-	237,257	235,767	99%	1,490
Total	2,226,881	2,051,334	92%	175,547	1,434,760	1,325,693	92%	109,068	4,783,901	4,407,430	92%	376,472
II) Land Acquisition	3,572	3,572	-	-	-	-		-	17,323	17,323	100%	-
Total Expenditure - (I + II)	2,230,453	2,054,906	92%	175,547	1,434,760	1,325,693	92%	109,068	4,801,224	4,424,753	92%	376,472
Financing Charges During Implementation	-	75,152		-		25,875		-	-	123,864	0%	-
Total Project Cost	2,230,453	2,130,058	95%	175,547	1,434,760	1,351,568	94%	109,068	4,801,224	4,548,617	95%	376,472
Grand Total of Expenditures in USD @ 72.8036 / USD in INR '000		29,257.60				20,617.62				66,986.67		



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 No : 3148 IND

EXPENDITURE BY OUTPUT COMPONENTS

In (INR) '000

Cost Categories	Unallocable common costs			Output1			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												
Works	1,254,278	2,018,786	4,171,663	1,254,278	2,018,786	4,171,663				1,254,278	2,018,786	4,171,663
Equipments	-	-	-	-	-	-				-	-	-
Consultancy & Admin exp Includ advances	71,415	32,548	235,767	71,415	32,548	235,767				71,415	32,548	235,767
Total	1,325,693	2,051,334	4,407,430	1,325,693	2,051,334	4,407,430				1,325,693	2,051,334	4,407,430
II) Land Acquisition	-	3,572	17,323	-	3,572	17,323				-	3,572	17,323
Total Expenditure - (I + II)	1,325,693	2,054,906	4,424,753	1,325,693	2,054,906	4,424,753				1,325,693	2,054,906	4,424,753
Financing Charges During Implementation	25,875	75,152	123,864	25,875	75,152	123,864				25,875	75,152	123,864
Total Project Cost	1,351,568	2,130,058	4,548,617	1,351,568	2,130,058	4,548,617				1,351,568	2,130,058	4,548,617
% OF Total project Cost		61%										

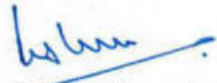


Karnataka Urban Infrastructure Development and Finance Corporation Ltd, Bangalore.
ADB assisted KIUWMI Project Loan No.3148-IND Balance Sheet as at 31st March 2019

PARTICULARS	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
		Rs	Rs
I. EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital		-	-
Reserves & Surplus	1	5,348,909	5,047,617
Non-Current Liabilities			
Other Long Term Liabilities	2	1,763,685,373	863,064,980
Long Term Provisions		-	-
Current Liabilities			
Short Term Borrowings	3	375,554	1,056,451
Other Current Liabilities	4	463,762,205	258,121,438
Short Term Provisions		-	-
TOTAL OF EQUITY & LIABILITIES		2,233,172,041	1,127,290,486
II. ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	5	5,348,909	5,047,617
Intangible Assets		-	-
Deferred Tax Assets (Net)		-	-
Long-Term Loans and Advances	6	1,763,685,373	863,064,980
Current Assets			
Cash and Bank Balances	7	290,176,529	228,849,031
Short-Term Loans and Advances	8	171,673,449	29,302,347
Other Current Assets	9	2,287,781	1,026,511
TOTAL OF ASSETS		2,233,172,041	1,127,290,486
Notes on Financial Statements	1 to 15		


Notes referred above are an integral part of Financial Statements

Place: Bangalore
Date : 27th September'2019


(R. Vishnu Varman)
Gen. Manager- Finance



As per our report of even date
for G.V Acharya & Co.
Chartered Accountants
FRN: 000029S


(G. Vamanacharya)
Partner M. No:009850



ADB assisted KIUWMI Programme- Notes on Financial Statements for the year ended 31st March 2019

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	Rs	Rs
1. Reserves & Surplus		
Project Reserve:		
Balance as per previous Balance Sheet	5,047,617	2,264,410
Add: Grants Utilised towards :		
(i) Fixed Assets	301,292	2,783,207
Less: Deletion/Adjustment of Fixed Assets	-	-
TOTAL	5,348,909	5,047,617
2. Other Long Term Liabilities		
Outstanding Principal Due to GOK-UIDF-RF	1,763,685,373	863,064,980
TOTAL	1,763,685,373	863,064,980
3. Short Term Borrowings		
Inter Project Payable	375,554	1,056,451
TOTAL	375,554	1,056,451
4. Other Current Liabilities		
Government of Karnataka A/c (KIUWMI Project)	341,424,850	140,321,203
Other Payables	122,337,355	117,800,235
TOTAL	463,762,205	258,121,438
5. Fixed Assets		
Tangible Assets	5,348,909	5,047,617
TOTAL	5,348,909	5,047,617
6. Long-term loans and advances		
Outstanding KIUWMI Project Loan Due from IA's	1,763,685,373	863,064,980
TOTAL	1,763,685,373	863,064,980
7. Cash and Bank/Treasury Balances		
PD A/c with State Govt- KIUWMIP	160,559,723	-
Vijaya Bank-Davanagere - KIUWMIP	2,983,481	4,823,204
Vijaya Bank-Indiranagar- KIUWMIP	124,025,067	222,877,415
Corporation Bank - Indiranagar	2,608,258	1,148,412
TOTAL	290,176,529	228,849,031



Note No 5: Disclosure pursuant to Schedule II to the Companies Act, 2013 (KIUWMIP)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2018	Additions during the Year	Deletions/Adj during the Year	As at 31/03/2019	As at 01/04/2018	For the year	Withdrawn during the year	As at 31/03/2019	As at 31/03/2019	As at 31/03/2018
(i) Tangible assets										
OFFICE EQUIPMENT										
Acqa Guard	11,490	-	-	11,490	-	-	-	-	11,490	11,490
UP's Systems	117,009	-	-	117,009	-	-	-	-	117,009	117,009
Air Conditioner	91,780	-	-	91,780	-	-	-	-	91,780	91,780
Telephone & Others	55,522	-	-	55,522	-	-	-	-	55,522	55,522
Biometric	-	29,700	-	29,700	-	-	-	-	29,700	-
Scanner	-	3,800	-	3,800	-	-	-	-	3,800	-
Projector	-	127,100	-	127,100	-	-	-	-	127,100	-
Fan	-	9,700	-	9,700	-	-	-	-	9,700	-
FURNITURE & FITTINGS										
Furniture & Fittings	1,519,613	77,192	-	1,596,805	-	-	-	-	1,596,805	1,519,613
COMPUTERS & PRINTERS										
Computer	1,232,546	53,800	-	1,286,346	-	-	-	-	1,286,346	1,232,546
Vehicles										
Innova Car	2,019,657	-	-	2,019,657	-	-	-	-	2,019,657	2,019,657
GRAND TOTAL	5,047,617	301,292	-	5,348,909	-	-	-	-	5,348,909	5,047,617
PREVIOUS PERIOD	2,264,410	2,783,207	-	5,047,617	-	-	-	-	5,047,617	2,264,410



ADB assisted KIUWMI Programme- Notes on Financial Statements for the year ended 31st March 2019

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	Rs	Rs
8. Short-Term Loans and Advances		
Advance to Consultants	3,962,624	901,800
Other Receivable	163,867,029	25,742,120
Inter Project Receivable	3,843,796	2,658,427
TOTAL	171,673,449	29,302,347
9. Other Current Assets		
Tax Deducted at Source on Deposits	2,287,781	1,026,511
TOTAL	2,287,781	1,026,511



10. 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) – 20 MLD capacity in Harihar, 40 MLD capacity in Davanagere;
- (ii) Construction of new WTPs – 20 MLD capacity in Harihar; 25 MLD in Davanagere and 5 MLD in Byadgi.
- (iii) Rehabilitation and expansion of storage reservoirs – 2 reservoirs in Harihar, 19 reservoirs in Davanagere and 1 reservoir in Byadgi;
- (iv) Construction of new transmission mains – 15.43 Km in Harihar and 13.49 Km in Davanagere;
- (v) Construction of new distribution network – 263.5 km in Harihar, 1234 Km in Davanagere and 112 Km in Byadgi km; and
- (vi) Procurement and installation of 120 bulk meters and around 7389 Byadgi, 14,000 Harihar nad 97589 Davanagere household meters for all 3 ULBs.

Output 1.2: Sanitation Infrastructure

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

- (i) Construction of new sewer network – 74.39 Km in Harihar, 161 Km in Davanagere and 78.21 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 Byadgi, 20MLD capacity in District 1 and 1a and 5 MLD capacity in District 3 in Davangere and 18 MLD capacity in Harihar; and
- (iv) Provision of 5752 toilets across the 4 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 (%)	Tranch1 (\$ 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	40.2	34.7
Total	227.0	100.0	117.0	100.0

Source: Asian Development Bank estimates.

Programme Period

The project is expected to be completed by 31st March 2020. The loan closing date is 31st March 2020.



Additional Notes:

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. 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\$ 17,736,376 (US\$ 15,050,180) from Asian Development Bank.
(Source: Asian Development Bank -Loan Financial Information Services (LFIS))
13. As on march 31, 2019, 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 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.

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 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.



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. Consequent to capitalization of UIB building constructed under NKUSIP depreciation on the same is considered as per Accounting Standard -12 and useful life of the building restricted till the end of lease period. (As per note No.26)
- iii. 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.
- iv. Leasehold Land is Amortized over the lease period.
- v. 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.



- vi. 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.

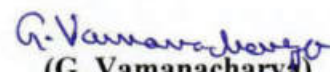
Place : Bangalore

Date : September 27, 2019


(R Vishnu Varman)
General Manager - Finance



As per our report of even date
for G.V Acharya & Co.,
Chartered Accountants
FRN: 000029S


(G. Vamanacharya)
Partner M.No: 009850





No. KUIDFC/FIN/ADB/AUD-APA/2019-20/

September 27, 2019

Mr. Kenichi Yokoyama,
Country Director,
Asian Development Bank,
India Resident Mission,
P.O.Box-5331,4, San Martin Marg,
Chanakyapuri,
New Delhi – 110 021

Sir,

**Sub : ADB assisted KIUWMIP Project – Grant No-0399 IND – Project 1 -
Submission of audited Annual Financial Statement (AFA) and Audited
Project Accounts (APA) - FY 2018-19 – 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 2018-19 and Audited Project Accounts (APA), Certificate of verification audit dated 27.09.2019 under KIUWMIP Grant No.0399-IND, Project-1, for the FY 2018-19, issued by M/s. G.V.Acharya & Co., 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), 5th Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi – 110 001.
3. Additional Secretary to Gok, (FR), Finance Dept, 1st Floor, 3rd Stage, M.S Building, Bangalore



G.V. ACHARYA & Co.

CHARTERED ACCOUNTANTS

Partners : G. Vamanacharya, B.Com., F.C.A., G.V. Shreesh Acharya, B.Com., F.C.A., DISA

310, 3rd Floor, 9/1, Commerce House, Cunningham Road, Bangalore - 560 052
☎ : 22202065 / 22285903 e-mail : gvacharyaco@gmail.com web : www.cagvacharya.com

Ref. :

Date :

27.09.2019

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 Grant No.0399-IND("Grant") implemented by KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED("the company") which comprise of Project Balance Sheet as of March 31,2019, 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 Grant, 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 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 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 31st March 2019, and are in accordance with Accounting Standards prescribed in India.

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

The Company has generally complied with covenants of the Grant 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 Grant agreement.

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

The Project financial statements of the KIUWMIP for the Grant for the year ended March 31, 2019 are prepared, in all material respects, in accordance with the financial reporting provisions of Multi-tranche Financing Facility implemented by the company under ADB Grant.



G.V. ACHARYA & Co.
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 Grant. As a result, the statement may not be suitable for other purpose.

For G.V Acharya & Co.,
Chartered Accountants
ICAI Firm's Registration No. 000029S

G. Vamanacharya
G. Vamanacharya
Partner
ICAI Membership No: 009850
Bangalore: 27th September 2019



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

Grant No : 0399 IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

In (INR) '000				
Particulars	Note reference	During the Current Year for 12 month period	During the Current Year for 12 month period	Cumulative project to Date As at [end of Current Year]
Opening Balance 1(A)		354	-	-
Receipts				
Funds received from Government ²		33,000	1,000	34,000
ADB Loan ³				-
ADB Grant ³				-
Co - financier 1				-
Co - financier 2				-
Beneficiary Contribution (if any)		-	-	-
Other receipts such as interest income, sale from disposals of fixed assets etc.		-	-	-
Total Receipts (B)		33,000	1,000	34,000
Total (C = A + B)		33,354	1,000	34,000
Payments				
Investment costs ⁴				
Toilet Construction Through Output Based Assistance Programme (OBA)		32,965	646	33,611
Total Investments (D)		32,965	646	33,611
Recurrent Costs				
Consultancy and Administration		-	-	-
Total Payments (E)		32,965	646	33,611
Financing Charges During Implementation (F)		-	-	-
Total Project Cost (F= E + F)		32,965	646	33,611
Closing Balance (C- E)		389	354	389

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

(R. Vishnu Varman)
General Manager - Finance
KUIDFC



(G.Vamanacharya)
Partner M.No: 009850
G.V.Acharya & Co, FRN: 000029S



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
Grant No : 0399 IND

**STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019**

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								
Toilet Construction Through Output Based Assistance Programme (OBA)	100%	33,611	100%			-	0%	33,611
Total Cost		33,611	100%			-	0%	33,611
% of Total project Cost		26%				0%		26%
Total Project Cost for indicative as at 31.3.2019		131,046				-		131,046

Note : 1. Grant Agreement signed 30th December 2014 and project was effective from 07 May 2015

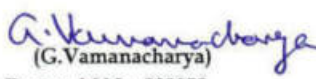
Note : INDICATIVE PROJECT COST AS AT 31.3.2019

Tranches	ADB	UFPF	GoK	Total
Tranche 1 - 0399 IND IN USD	-	1.80	-	1.80
Project cost in INR approximate @ 72.8036 / USD in INR '000	-	131,046	-	131,046

Note : ADB letters for exchange rate indicate RBI indicative rate @ 72.8036 / USD, the same is used for calculation indicative project cost


(R. Vishnu Varman)
General Manager - Finance
KUIDFC




(G. Vamanacharya)
Partner M.No: 009850
G.V.Acharya & Co, FRN: 000029S



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

Grant No : 0399 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	33,000	1,000	34,000
Government of Karnataka has provided budgetary allocation and released the project funds to KUIDFC			
Total	33,000	1,000	34,000

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	6-Apr-18	6-May-17
	29-Aug-18	2-Aug-17
	30-Oct-18	16-Oct-17
	16-Jan-19	7-Feb-18
	25-Mar-19	



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

Grant No : 0399 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

Statement of Disbursement (Expenditure Incurred)

6 A. 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 (Expenditure)	6.1	32,965	646	33,611
submitted during the year		32,965	-	32,965
Claims in the subsequent period		-	-	-
Imprest Fund	6.2	-	-	-
Direct payment	6.3	-	-	-
Commitment Letter	6.4	-	-	-
Sub Total	(A)	32,965	646	33,611
Total Expenditure made during the year	(B)	32,965	646	33,611
Add : Prior year eligible	(C)	-	-	
Add : Statutory remittances/deductions	(D)	-	-	-
Less : Borrower's share & Ineligible	(E)	-	-	-
Total Eligible Expenditure claimed (B + C + D - E = A)	(E)	32,965	646	33,611

6. B - RECONCILIATION OF ADB REIMBURSEMENT CUMULATIVE RECEIVED

in (INR) '000

AS per ADB LFIS		33,611		
AS per KUIDFC claims			cumulative	REMARKS
Current Year (2018-2019)		32,965	33,611	ADB reimbursement includes up to March'2019
Previous Year (2017-2018)		646	646	
TOTAL KUIDFC CLAIMS REIMBURSED		33,611		
ANY DIFFERENCE		-		



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

Grant No : 0399 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

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	32,965	646	33,611
Reimbursement during the year		32,965	-	32,965
Reimbursement in the subsequent period		-	-	-
- By Imprest Account	6.2			
-By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		32,965	646	33,611
ADB Grant		-	-	-
ADB loan and Grant Total		32,965	646	33,611

6.1 Funds Received from ADB through Reimbursement Method

DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2018-2019

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019 - 2018 - 2019

Application No.	W/Appl. No.	SOE sheet No	Category Code	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 2018-2019 SUBMITTED BEFORE 31ST MARCH 2019										
GR-0001	WA 003		3201	1,060	100%	1,060	1,060		1,060	Documented
GR-0001	WA 004		3201	6,525	100%	6,525	6,525		6,525	Documented
GR-0001	WA 005		3201	10,815	100%	10,815	10,815		10,815	Documented
GR-0001	WA 006		3201	11,319	100%	11,319	11,319		11,319	Documented
GR-0001	WA 007		3201	3,245	100%	3,245	3,245		3,245	Documented
GRAND TOTAL CLAIM FOR 2018-2019				32,965		32,965	32,965		32,965	

DISBURSEMENT CLAIMS (REIMB & SOE) PROCEDURE SUBMITTED TO ADB DURING 2017-2018

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2018 - 2017 - 2018

Application No.	W/Appl. 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 2017-2018 SUBMITTED BEFORE 31ST MARCH 2018										
GR-0001	WA 001		3201	255	100%	255	255		255	Documented
GR-0001	WA 002		3201	391	100%	391	391		391	Documented
GRAND TOTAL CLAIM FOR 2017-2018				646		646	646		646	



Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) - Project 1
Grant No- 0399 IND

Date of Grant Agreement	:	30 December 2014
Date of Grant Effectiveness	:	07 May 2015
Date of Physical Closure	:	31 March 2020
Date of Financial Closure	:	30 June 2020

KEY TERMS & CONDITIONS FOR DISBURSEMENT

Section 2.01.

ADB agrees to lend to the Borrower the terms and conditions set forth in this grant agreement, ADB agrees to make available to the recipient on a grant basis and administer, the grant provided by UFPF in the amount equivalent to One million eight hundred thousand Dollars (\$1,800,000),

Section 2.02.

Not with standing any other provision of this grant agreement, ADB is not obliged to make any disbursement from the Grant account, except to the extent that ADB has received the Grant from UFPF.

Disbursement Procedures

Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.



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

Grant No : 0399 IND

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 2019

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

- 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

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

Grants is given by ADB under Urban Financing Partnership Facility (UFPF) for \$1,800,000 & the Grant No. 0399-IND.



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

Grant No : 0399 IND

NOTES TO THE FINANCIAL STATEMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

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 2019

In (INR) '000

Application No.	W/Appl. 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		
NO CLAIMS UNDER SOE										
Total claim up to 31st March 2017										

DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2018

In (INR) '000

Application No.	W/Appl. 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		
NO CLAIMS UNDER SOE										

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

Grant No : 0399 IND

NOTES TO THE FINANCIAL STATEMENTS

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2019

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
A. Toilet Construction Throgh Output Based Assistance Programme (OBA)			
Byadagi	4,512	87	4,599
Ranebennur	2,486	560	3,046
Davanagere	24,003	-	24,003
Harihara	1,964	-	1,964
Total Expenditure	32,965	646	33,611



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

Grant No : 0399 IND

STATEMENT OF APPROPRIATION VS ACTUAL

In (INR) '000

Cost Categories	For the Current Year Ended 2019				For the Current Year Ended 2018				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
I) Expenditures by Component												
Toilet Construction Through Output Based Assistance Programme (OBA)	32,965	32,965	100%	-	646	646	0%	-	34,903	34,903	100%	-
Total	32,965	32,965	100%	-	646	646	100%	-	34,903	34,903	100%	-
Financing Charges During Implementation	-	-		-	-			-	-	-	0%	-
Total Project Cost	32,965	32,965	100%	-	646	646	0%	-	34,903	34,903	100%	-
Grand Total of Expenditures in USD @ 72.8036 / USD in INR '000		452.79				9.86				462.65		



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

Grant No : 0399 IND

EXPENDITURE BY OUTPUT COMPONENTS

In (INR) '000

Cost Categories	Unallocable common costs			Output1			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												
Works	646	32,965	34,903	646	32,965	34,903				646	32,965	34,903
Total	646	32,965	34,903	646	32,965	34,903				646	32,965	34,903
Financing Charges During Implementation	-	-	-	-	-	-				-	-	-
Total Project Cost	646	32,965	34,903	646	32,965	34,903				646	32,965	34,903
% OF Total project Cost		26%										



PARTICULARS		Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
			Rs	Rs
I.	EQUITY & LIABILITIES			
	Shareholders' Funds			
	Share Capital		-	-
	Reserves & Surplus		-	-
	Non-Current Liabilities			
	Other Long Term Liabilities		-	-
	Long Term Provisions		-	-
	Current Liabilities			
	Short Term Borrowings		-	-
	Other Current Liabilities	1	389,500	-
	Short Term Provisions		-	-
	TOTAL OF EQUITY & LIABILITIES		389,500	-
II.	ASSETS			
	Non-Current Assets			
	Fixed Assets			
	Tangible Assets		-	-
	Intangible Assets		-	-
	Deferred Tax Assets (Net)		-	-
	Long-Term Loans and Advances		-	-
	Current Assets			
	Cash and Bank Balances	2	389,500	-
	Short-Term Loans and Advances		-	-
	Other Current Assets		-	-
	TOTAL OF ASSETS		389,500	-
	Notes on Financial Statements	1 to 7	-	-

Notes referred above are an integral part of Financial Statements

Place: Bangalore

Date : 27th September'2019

(R. Vishnu Varman)

Gen. Manager- Finance



As per our report of even date

for G.V Acharya & Co.

Chartered Accountants

FRN: 000029S

G. Vamanacharya
(G. Vamanacharya)

Partner M. No:009850



ADB assisted KIUWMI Project Grant No.0399-IND - Notes on Financial Statements for the year ended 31st March 2019

PARTICULARS	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	Rs	Rs
1. Other Current Liabilities		
Government of Karnataka A/c (KIUWMI Project)	389,500	-
TOTAL	389,500	-
2. Cash and Bank/Treasury Balances		
Vijaya Bank-Indiranagar- KIUWMIP	389,500	-
TOTAL	389,500	-



3. DETAILED PROJECT DESCRIPTION

Construction of Toilets under Output Based Aid (OBA) Programme

Project-1 of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) (the Project) supports improvements in urban infrastructure and services in the following 4 ULBs: Byadagi, Davangere, Harihar and Ranebennur, and institutional development, improved municipal management and project implementation capacity across the State. The Project has the following components:

KUIDFC, as part of KIUWMIP entered into a Grant Agreement with Asian Development Bank (ADB) for \$ 1.8 million (approx. Rs. 11.7 Cr) towards financing Output Based Aid (OBA) for Toilet Construction in KIUWMIP ULB's. The approximate population to be covered by the OBA toilet programme is 47,579 (approximately 5752 households are targeted for toilet coverage) across the 4 cities of Tranche-1 towns.

The OBA toilet program will be implemented by the ULBs with assistance from Public Communication and Awareness and Output Based Aid (OBA) Toilet Program Consultant (PCA-OBA Consultant) to be selected for KIUWMIP.

Technical support, including construction supervision to the ULBs will be provided by the project management, design and construction supervision consultant (PMDSCS). Further, the active participation of beneficiaries and ULB is crucial to the success of the program.

ULBs will provide grant subsidies to (i) low income (BPL) households for construction and Connection of individual household toilets to the sewer network; and (ii) BPL low income community groups for the construction and connection of community toilets (iii) The PCA-OBA Consultant will facilitate the process of timely release of subsidies from the ULB during construction of individual and community toilets and provide hands on support and guidance to beneficiaries during construction of toilets.

The PCA-OBA Consultant will be responsible for receiving, assessing and submitting beneficiary applications to the ULBs for final assessment and approval. The PCA-OBA Consultant will also monitor progress of construction and connection of toilets



under the OBA program

Expected Output

The Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) with an aim to improve efficient urban water and sanitation investments. Also the consultant is to facilitate implementation of Output Based Aid (OBA) for construction and usage of various types of toilets and associated services, as follows:

Communicate improved water and sanitation services in the ULBs, Communicate 100% households and other water users, including other stakeholders towards 24x7 water supply. Conduct sanitation related awareness, Output Based aid (OBA) for Toilets targeting urban poor, and behavior change process to achieve open defecation free (ODF) communities across the ULBs. Communicate over the Gender inclusion elements and social/environmental safeguards.

Cost Estimates

The total cost of the Grant is estimated at US\$ 1.8million. The Government of India will onlend the proceeds of the Grant under the MFF to GoK on the same terms and conditions as per ADB Grants. 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 (%)	Tranch1 (\$ 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	40.2	34.7
Total	227.0	100.0	117.0	100.0

Source: Asian Development Bank estimates.

Programme Period

The project is expected to be completed by 31st March 2020. The Grant closing date is 31st March 2020 Except Davanagere 24/7 Water Supply Project.



Additional Notes:

4. ~~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 Grant No. 0399-IND a sum of US\$ 460,647 (US\$ 10,078), from Asian Development Bank.~~
(Source: Asian Development Bank -Loan Financial Information Services (LFIS))
5. As on march 31, 2019, the company has no outstanding dues to units covered by micro, small and medium industries development act, 2006.
6. 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.

7. SIGNIFICANT ACCOUNTING POLICIES:

7.1 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.



7.2 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.

7.3 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.

7.4 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.

7.5 Fixed Assets :

- i. Fixed assets are stated at cost, less accumulated depreciation.
- ii. Consequent to capitalization of UIB building constructed under NKUSIP depreciation on the same is considered as per Accounting Standard -12 and useful life of the building restricted till the end of lease period. (As per note No.26)
- iii. 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.
- iv. Leasehold Land is Amortized over the lease period.
- v. 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.



- vi. 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.

7.6 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.

7.7 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.

7.8 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.

7.9 Retirement Benefits:

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

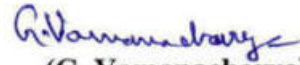
- i. Provident fund on actual liability basis.
- ii. Gratuity based on actuarial valuation through Group Gratuity Policy of LIC.
- iii. Leave Encashment benefits on actual liability basis.

Place : Bangalore

Date : September 27, 2019

As per our report of even date
for **G.V Acharya & Co.,**
Chartered Accountants
FRN: 000029S


(R. Vishnu Varman)
General Manager - Finance


(G. Vamanacharya)
Partner M.No: 009850

