

## Audited Project Financial Statements

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Project Number: 43253-025  
Loan/Grant Number: 3148/0399  
Period covered: 01 April 2020 to 31 March 2021

INDIA: Karnataka Integrated Urban Water Management Investment Program - Tranche 1

Prepared by Karnataka Urban Infrastructure Development and Finance Corporation Limited

For the Asian Development Bank  
Date received by ADB: 17 February 2022

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 Limited.



No. KUIDFC/FIN/ADB/AUD-APA/2020-21/

February 16, 2022

**Mr. Takeo Konishi,**  
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 Financial statement (APFS) - FY 2020-2021– 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 2020-2021 and Audited Project Accounts (APA), Certificate of verification audit dated 15.02.2022, under KIUWMIP Loan No.3148-IND, Project-1, for the FY 2020-2021, issued by M/s. P. N. R. & 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), 5<sup>th</sup> Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi – 110 001.
3. Additional Secretary to Gok, (FR), Finance Dept, 1<sup>st</sup> Floor, 3<sup>rd</sup> Stage, M.S Building, Bangalore



**P.N.R. & Co.,**  
Chartered Accountants

No. 117/3, Fortune Square  
Flat No. T-301 and T-302  
S.C. Road, Seshadripuram  
BENGALURU - 560 020  
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pnrcoekar@dataone.in  
Web : www.pnrco.net

**Independent Auditor's Report**

To,

The Managing Director,  
Karnataka Urban Infrastructure Development & Finance Corporation Limited,  
Nagarabhivruddi Bhavana,  
#22, 17<sup>th</sup> 'F' cross, Old Madras Road,  
Indiranagar 2<sup>nd</sup> Stage,  
Bangalore- 560 038

**Report on the Project Financial Statements**

We have audited the accompanying Project Financial Statements (PFS) of the **Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 1** financed under Asian Development Bank Loan No. 3148-IND, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement' and related notes for the year ended 31st March 2021.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India and Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of Project for the year ended 31st March 2021 in accordance with Government of India accounting standards.

In addition, in our opinion:

- a) Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan Agreement.
- b) Financial Covenants in the ADB loan agreement no. 3148-IND dated 30<sup>th</sup> December 2014 have been complied with.
- c) (i) Expenditures shown in the PFS are eligible for financing under the Project Financing Agreements.

(ii) There was no imprest account during the year ended 31<sup>st</sup> March 2021.

Date: 15.02.2022

Place : Bangalore

for **P N R & Co.,**

Chartered Accountants

Firm Registration No : 002495

(P N Rajashekar)

Partner

Membership No: 22647

UDIN: 22022647ACWE0I6744





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 2021**

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 <sup>1</sup> (A)		3,33,891	2,87,569	-
Receipts				
Funds received from Government <sup>2</sup>	4	4,72,340	4,08,326	19,26,464
ADB Loan <sup>3</sup>	6.1	5,27,660	13,42,774	51,74,436
ADB Grant <sup>3</sup>				-
Co - financier 1				-
Co - financier 2				-
Beneficiary Contribution (if any)		20,000	1,01,449	2,99,220
Other receipts such as interest income, sale from disposals of fixed assets etc.		-	4,427	1,89,178
<b>Total Receipts (B)</b>		<b>10,20,000</b>	<b>18,56,976</b>	<b>75,89,298</b>
<b>Total (C = A + B )</b>		<b>13,53,891</b>	<b>21,44,545</b>	<b>75,89,298</b>
Payments				
Investment costs <sup>4</sup>				
Civil Works		8,82,356	17,15,131	67,69,150
Equipments			-	-
other cost - Land Acquisition		-	-	17,323
<b>Total Investments ( D )</b>		<b>8,82,356</b>	<b>17,15,131</b>	<b>67,86,473</b>
Recurrent Costs				
Consultancy and Administration		1,00,071	95,523	4,31,361
<b>Total Payments (E)</b>		<b>9,82,427</b>	<b>18,10,654</b>	<b>72,17,834</b>
Financing Charges During Implementation ( F )	3.11	-	-	1,23,864
<b>Total Project Cost (F= E + F)</b>		<b>9,82,427</b>	<b>18,10,654</b>	<b>73,41,698</b>
<b>Closing Balance<sup>1</sup> (C- E)</b>		<b>3,71,464</b>	<b>3,33,891</b>	<b>3,71,464</b>

<sup>1</sup> This includes beneficiary contribution as well as fund from Government of Karnataka

<sup>2</sup> This is amount received from Government for the project under budgetary allocation

<sup>3</sup> This is amount reimbursed by ADB to Government

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

Notes 1 to 6 of the financial statements form an integral part of these financial statements

For and on behalf of KUIDFCL

  
 (Harisha. A)  
 General Manager - Finance

As per our report of even date  
 for P. N. R. & Co.,  
 Chartered Accountants  
 FRN: 002495S

(P N Rajashekar)  
 Partner M.No: 22647  
 15.02.2022





## Annexure-2

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 ENDED 31st March 2021

In (INR) '000

Particulars	ADB <sup>4</sup>			Co-Financier		Government		Total Expenditure
	Percentage of Financing <sup>1</sup> 1	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2	% 3	Amount 4	% 5	Amount 6	% 7	
Investment costs <sup>2</sup>								
Civil Works	79%	5,27,660	60%			3,54,696	40%	8,82,356
Equipments	0%	-	-			-	-	-
Sub Total (A)		5,27,660		-		3,54,696		8,82,356
Recurrent Cost								
other cost - Land Acquisition	0%	-	0%			-	100%	-
Consultancy and Administration	0%	-	0%			1,00,071	100%	1,00,071
Sub Total (B)		-		-		1,00,071		1,00,071
Total Cost (C=A+B) <sup>3</sup>		5,27,660		-		4,54,767		9,82,427
% of Total project Cost		54%				46%		100%
Total Project Cost for 01.04.2019 to 31.3.2020		13,42,774				4,67,880		18,10,654

<sup>1</sup> The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).<sup>2</sup> Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement<sup>3</sup> The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.<sup>4</sup> This shall include total expenditure claimed from ADB under various disbursement procedures, i.e. direct payment, reimbursement, imprest account and commitment letter

Notes 1 to 6 of the financial statements form an integral part of these financial statements

For and on behalf of KUIDFCL

(Harisha. A)  
General Manager - FinanceAs per our report of even date  
for P. N. R. & Co.,  
Chartered Accountants  
FRN: 002495S(P N Rajashekar)  
Partner M.No: 22647  
15.02.2022

## Annexure-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

REPORT FOR THE YEAR/PERIOD ENDED 31st March 2021

## Statement of Disbursement (Expenditure Incurred)

Details of the disbursement by method are given below

In (INR) '000

Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund Claimed during the year				
Reimbursement (Expenditure) <sup>3</sup>	6.1 & 6.7	5,27,660	12,14,905	51,74,436
Imprest Fund <sup>3</sup>	6.2	-	-	-
Direct payment	6.3	-	-	-
Commitment Letter	6.4	-	-	-
<b>Sub Total</b>	(A)	<b>5,27,660</b>	<b>12,14,905</b>	<b>51,74,436</b>
<b>Total Expenditure made during the year <sup>1</sup></b>	(B)	<b>9,82,427</b>	<b>18,10,654</b>	<b>72,17,834</b>
Less : Expenditure not yet claimed	(C)	-	1,27,869	-
Less : Borrower's share & Ineligible <sup>2</sup>	(D)	4,54,767	4,67,880	20,43,399
<b>Total Eligible Expenditure claimed ( B - C - D = E = A )</b>	(E)	<b>5,27,660</b>	<b>12,14,905</b>	<b>51,74,436</b>

<sup>1</sup> The total expenditure as per Statement of Receipts and Payments.<sup>2</sup> This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6)<sup>3</sup> Includes both claims using SOE and full supporting documentation

Notes 1 to 6 of the financial statements form an integral part of these financial statements

For and on behalf of KUIDFCL

(Harisha. A)  
General Manager - FinanceAs per our report of even date  
for P. N. R. & Co.,  
Chartered Accountants  
FRN: 002495S(P N Rajashekar)  
Partner M.No: 22647

15.02.2022





**KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED**  
**Name of the project : Karnataka Integrated Urban Water Management Investment Program**  
**(KIUWMIP) - PROJECT - Loan No : 3148 IND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2021**

**1. PROJECT NATURE AND ACTIVITIES**

**1.1** 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 A: Water Supply Infrastructure**

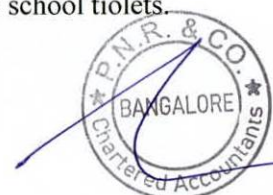
This output comprises rehabilitation and expansion of potable water supply systems in the 3 ULBs: Byadagi, Davangere and Harihar. The following will be the specific outputs under this component:

- (i) Rehabilitation and expansion of water treatment plants (WTPs) – 20 MLD capacity in Harihara, 40 MLD capacity in Davanagere.
- (iii) Construction of new storage reservoirs – 4 reservoirs in Harihara, 18 reservoirs in Davanagere and 3 reservoirs in Byadgi.
- (iv) Construction of new transmission mains – 15.25 km in Harihara, 13.49 km in Davanagere and replacement of 8.7 km in Byadgi .
- (v) Construction of new distribution network – 257.67 km in Harihara, 1413.70 km in Davanagere and 114.70 km in Byadgi .
- (vi) Installation of House Service Connection- 14,800 No's, in Harihara, 7269 No's in Byadgi, and 97589 No's in Davanagere household meters for all 3 ULBs.

**Output B: 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 Harihara, 193.42 km in Davanagere and 77.63 Km in Byadgi.
- (ii) Construction of new lift stations – 4 lifts stations in Harihara.
- (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 Davanagere and 18 MLD capacity in Harihara.
- (iv) Provision of 5492 toilets across the 4 ULBs.and providing 54 school toilets.





**Output C : Improved water resource planning, monitoring and service delivery**

This component will finance in Tranche 1:

- (i) A first installment for the ULB Incentive Fund;Ranebennur
- (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.

**Output D : 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.

**1.2 Legislative Framework:** Project Monitoring Unit, Karnataka Urban Infrastructure Urban Development and Finance Corporation is established under the administrative control of Urban Development Department, Government of Karnataka.

**2. STATEMENT OF COMPLIANCE:**

These financial statements have been prepared in accordance with the approved accounting standard as applicable in India. This refers to the cash basis of the accounting applied with due regard to the general financial rules, PWD codes, Treasury codes and similar financial rules and codes as are in effect and applicable to the operations of the project.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Financial Statements**

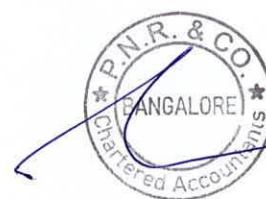
This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financer, the Statement of Disbursement and related notes and appendices to the financial statements.

**3.2 Basis of Measurements:**

The financial Statements have been prepared under the historical cost convention and on cash basis of accounting.

**3.3 Changes in Accounting Policies:**

During the period of Annual Financial Statements, there are no changes in accounting policies.



**3.4 Fund Flow Mechanism:**

PMU, KUIDFC gets the grants from Govt. of Karnataka through the Annual Budgetary support for the project and funds will be released to KUIDFC from Treasury, Govt. of Karnataka. The total project cost is partially funded by GOK and ADB Loan. ADB loan proceeds are disbursed in accordance with ADB's loan disbursement procedure.

**3.5 Advances and Other receivables:**

The Advance paid to Civil Contractors are treated as project expenditure and recoveries are effected through interim payment of the bills. ADB disburse the loan on reimbursement procedure on such advances as eligible expenditure.

**3.6 Cash & Cash Equivalents:**

Cash & Cash Equivalents comprises of cash on hand, if any and bank balance.

**3.7 Accrued and other liabilities:**

Since the projects accounts are maintained on cash basis of accounting, no provision has been made for accrual and liabilities.

**3.8 Income:**

The income generated out of unutilized grant received from Government of Karnataka is accounted in the financial statements and adjusted against expenditure incurred during the year.

**3.9 Foreign currency transactions and translation****(a) Functional and presentation currency**

Items included in the financial statements of the project are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is the Indian Rupee (INR).

**(b) Transactions and balances**

Transactions in Foreign currency are converted at the exchange rate prevailing at the date of transaction. The project is not maintaining any foreign currency bank balances.

**3.10 Allocation of common costs**

Common costs are allocated/accounted to the respective component and sub component of the project.

**3.11 Interest expenses and financial charges:**

As per Facility Administrative Manual(FAM), financing charges comprise interest during construction (IDC) and Commitment charges payable to ADB. Estimated amount of \$ 6.04 million has been allocated towards financing charges to be financed completely by the Borrower.





#### Annexure-4

The borrower shall pay the commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the loan (less amount withdrawn from time to time), commencing 60 days after the date of the loan agreement.

The borrower shall pay the interest of the principal amount of the loan withdrawn and outstanding from time to time at a rate for each interest period equal to 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.

However in order to maintain uniformity, in most of the annexures, interest and commitment charges incurred during the Current and previous year has not been reported in the APFS due to non availability of data from website: aaad.gov.in.

#### 4. FUNDS RECEIVED FROM THE GOVERNMENT

In (INR)'000

Particulars	Current Year	Previous Year	Cumulative Year to date
Government counterpart funding	4,72,340	4,08,326	19,26,464
Amount reimbursable to Government	5,27,660	13,42,774	51,74,436
<b>Total</b>	<b>10,00,000</b>	<b>17,51,100</b>	<b>71,00,900</b>

#### 5. DATE OF AUTHORIZATION

This financial statements have been authorized for issue by the General Manager (Finance) of KUIDFC on 15.02.2022





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 2021

**6. Funds Received from ADB**

Date of loan Agreement	30th December 2014
Date of loan effectiveness	07th May 2015
Date of Physical Closure	30th September 2020
Date of Financial Closure	31st December 2020

**Categorywise Disbursement**

Cat Ref.	ITEM	Original Allocation as per loan agreement (US \$)	Revised Allocation as per LFIS (US \$)
1	Works	5,94,07,000	7,50,00,000
2	Equipment	5,13,000	
3	Unallocated	1,50,80,000	
	<b>Total</b>	<b>7,50,00,000</b>	<b>7,50,00,000</b>

**Key Terms & Conditions: interest, Commitment charges & 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****Interest Rates**

The borrower shall pay the interest of the principal amount of the loan withdrawn and outstanding from time to time at a rate for each interest period equal to 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****Commitment Fee**

The borrower shall pay the commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the loan (less amount withdrawn from time to time), commencing 60 days after the date of the 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.

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	5,27,660	13,42,774	51,74,436
- By Imprest Account <sup>1</sup>	6.2			
-By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		5,27,660	13,42,774	51,74,436
ADB Grant		-	-	-
ADB loan and Grant Total		5,27,660	13,42,774	51,74,436

<sup>1</sup> This should agree with the advances/replenishments net of refunds in Statement 6.2.

**6.1 Funds Received from ADB through Reimbursement Method**

The statement for reimbursement of eligible expenditure from ADB to support the numbers, a detailed note along with WA wise summaries is mentioned in Annexure-5A



**Annexure-5A**

KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

Name of the project : Karnataka Integrated Urban Water Management Investment Program

(KIUWMIP) - PROJECT - Loan No : 3148 IND

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March'2021****6.1 Funds Received from ADB through Reimbursement Method**

Actual ADB reimbursement received for the year from 01.04.2020 to 31.03.2021 based on ADB value date is INR 65,55,29,419/-. This includes the previous period claim of INR 12,78,69,021/-. Since this amount of INR 12,78,69,021/- had been already reported/included in the previous Audited APFS for the period from 01.04.2019 to 31.03.2020 under the nomenclature "Yet to be claimed". This amount is not shown/reported in current year (01.04.2020 to 31.03.2021) column which otherwise would result in duplication.

ADB Loan/reimbursement received for the years shown in Annexure-1- "Statement of Receipts and payments" has been arrived as follows:

In INR			
Description	During the Current Year	During the Previous Year	Cumulative project to Date
Actual ADB reimbursement received for the year based on ADB value date	65,55,29,419	167,93,60,064	517,44,,36,558
Less: Previous period claim	12,78,69,021	46,44,55,091	-
<b>Sub Total</b>	<b>52,76,60,398</b>	<b>121,49,04,973</b>	<b>517,44,36,558</b>
Add : Yet to be claimed/ Expenditure not yet claimed for the year	-	12,78,69,021	-
<b>Total</b>	<b>52,76,60,398</b>	<b>134,27,73,994</b>	<b>5,17,44,36,558</b>

Withdrawal Applications (WA) wise break up of reimbursement details are shown in the below tables:

**A. Loan funds received from ADB through reimbursement procedure for the period from 01.04.2020 to 31.03.2021**

In (INR), 000					
WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
WA-62	1	64,874	79%	51,251	Documented
WA-63	1	70,300	79%	55,537	Documented
WA-64	1	92,150	79%	72,798	Documented
WA-65	1	2,24,963	79%	1,77,720	Documented
WA-66	1	2,16,051	79%	1,70,680	Documented
WA-67	1	(413)	79%	(326)	****
<b>Total</b>		<b>6,67,925</b>		<b>5,27,660</b>	

**Note: \*\*\*\*** As per ADB letter no. INRM/Disb/2021/002 dated 08.01.2021, ADB has requested AAAD to refund the excess disbursement amount of USD 4,461.01 against approved loan amount of USD 75,000,000. Hence, USD 4,461.01 (INR 3,26,334.48) considered in WA-67, as per ACA releases statement and deducted to match the approved loan amount of USD 75,000,000.





**Annexure-5A****KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED****Name of the project : Karnataka Integrated Urban Water Management Investment Program  
(KIUWMIP) - PROJECT - Loan No : 3148 IND****B. Loan funds received from ADB through reimbursement procedure for the previous period claim**  
In (INR), 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
WA-61	1	1,61,860	79%	1,27,869	Documented
<b>Total</b>		<b>1,61,860</b>		<b>1,27,869</b>	<b>Total</b>

**C. Expenditure not yet claimed**

In (INR), 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
Nil					





## Annexure-6

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 2021

	In (INR) '000	
Balance brought forward from previous period	Prior Year	Current Year
Add:		
Advance <sup>1</sup>		
Replenishment received during the year/period		
Interest Earned		
Subtotal (A)	Imprest Account Not Availed	
Deduct :		
Repayments made during the year / period		
Replenishment/Liquidation		
Expenditure yet to be claimed		
Amount refunded during the year/period		
Closing Balance (B)		
As per Bank Statement	Imprest Account Not Availed	

<sup>1</sup> Withdrawal application-wise references required

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.



## Annexure-7

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

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 2021

In (INR) '000

Application No.	W/Apl. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing % <sup>1</sup>	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 2021				-		-	-		-	

<sup>1</sup> The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE  
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2020

In (INR) '000

Application No.	W/Apl. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing % <sup>1</sup>	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 2020				-		-	-		-	

<sup>1</sup> The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.

**Annexure-8****KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED**

**Name of the project : Karnataka Integrated Urban Water Management Investment Program  
(KIUWMIP) - PROJECT - Loan No : 3148 IND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March'2021****6.7 Details of Disbursement claimed from ADB through Reimbursement Method are given below****Disbursement claimed from ADB through Reimbursement Method for the period from 01.04.2020 to 31.03.2021**

Actual ADB fund claimed during the period 01.04.2020 to 31.03.2021 is INR 65,55,29,419. This includes previous period claim of INR 12,78,69,021. Since this amount had been already reported/included in the previous Audited APFS for the period from 01.04.2019 to 31.03.2020 under the nomenclature "yet to be claimed" this amount is not shown neither in the current period column nor in the previous period column but shown only in cumulative column which otherwise would result in duplication.

ADB fund claimed during the periods shown in Annexure-3 – "Statement of Disbursement" has been arrived as follows:

Description	In INR		
	01.04.2020 to 31.03.2021	01.04.2019 to 31.03.2020	Cumulative
Actual ADB Fund claimed during the year	65,55,29,419	167,93,60,064	517,44,36,558
Less: Previous period claim	12,78,69,021	46,44,55,091	-
<b>Sub Total</b>	<b>52,76,60,398</b>	<b>121,49,04,973</b>	<b>517,44,36,558</b>
<b>In (INR) '000</b>	<b>5,27,660.398</b>	<b>12,14,904.973</b>	<b>51,74,436.558</b>

Place : Bangalore

Date : February 15, 2022

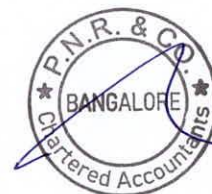
**(HARISHA A)**

**General Manager – Finance**



As per our report of even date  
for P. N. R. & Co.,  
Chartered Accountants  
FRN: 002495S

**(P N Rajashekar)**  
**Partner M.No: 22647**





## Annexure-9

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 2021				For the Previous Year Ended 2020				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	12,21,529	8,82,356	72%	3,39,173	21,73,600	17,15,131	79%	4,58,469	79,41,774	67,69,150	85%	11,72,624
Equipments	-	-		-	-	-		-	-	-	0%	-
Consultancy & Admin exp incl advances	1,00,071	1,00,071	100%	-	95,523	95,523	100%	-	4,32,851	4,31,361	100%	1,490
<b>Total</b>	<b>13,21,600</b>	<b>9,82,427</b>	<b>74%</b>	<b>3,39,173</b>	<b>22,69,123</b>	<b>18,10,654</b>	<b>80%</b>	<b>4,58,469</b>	<b>83,74,625</b>	<b>72,00,511</b>	<b>86%</b>	<b>11,74,114</b>
II) Land Acquisition	-	-	-	-	-	-		-	17,323	17,323	100%	-
<b>Total Expenditure - ( I + II )</b>	<b>13,21,600</b>	<b>9,82,427</b>	<b>74%</b>	<b>3,39,173</b>	<b>22,69,123</b>	<b>18,10,654</b>	<b>80%</b>	<b>4,58,469</b>	<b>83,91,948</b>	<b>72,17,834</b>	<b>86%</b>	<b>11,74,114</b>
Financing Charges During Implementation	-	-		-		-		-	-	1,23,864	0%	-
<b>Total Project Cost</b>	<b>13,21,600</b>	<b>9,82,427</b>	<b>74%</b>	<b>3,39,173</b>	<b>22,69,123</b>	<b>18,10,654</b>	<b>80%</b>	<b>4,58,469</b>	<b>83,91,948</b>	<b>73,41,698</b>	<b>87%</b>	<b>11,74,114</b>
<b>Grand Total of Expenditure in USD @ 75.8276</b>		<b>12,956.06</b>				<b>23,878.56</b>				<b>1,03,154.51</b>		

Note: Financial Charges during F.Y 2020-21 is not updated, due to non Availability of data from Web: aaad.gov.in



## Annexure-10

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	3,72,357	3,54,696	15,94,713	17,15,131	8,82,356	67,69,150	-	-	-	3,72,357	3,54,696	15,94,713
Equipments	-	-	-	-	-	-	-	-	-	-	-	-
Consultancy & Admin exp incld advances	95,523	1,00,071	4,31,361	95,523	1,00,071	4,31,361	-	-	-	95,523	1,00,071	4,31,361
<b>Total</b>	<b>4,67,880</b>	<b>4,54,767</b>	<b>20,26,074</b>	<b>18,10,654</b>	<b>9,82,427</b>	<b>72,00,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,67,880</b>	<b>4,54,767</b>	<b>20,26,074</b>
II) Land Acquisition	-	-	17,323	-	-	17,323	-	-	-	-	-	17,323
<b>Total Expenditure - ( I + II )</b>	<b>4,67,880</b>	<b>4,54,767</b>	<b>20,43,397</b>	<b>18,10,654</b>	<b>9,82,427</b>	<b>72,17,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,67,880</b>	<b>4,54,767</b>	<b>20,43,397</b>
Financing Charges During Implementation	-	-	1,23,864	-	-	1,23,864	-	-	-	-	-	1,23,864
<b>Total Project Cost</b>	<b>4,67,880</b>	<b>4,54,767</b>	<b>21,67,262</b>	<b>18,10,654</b>	<b>9,82,427</b>	<b>73,41,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,67,880</b>	<b>4,54,767</b>	<b>21,67,262</b>
% OF Total project Cost		54%										





**P.N.R. & Co.,**  
Chartered Accountants

No. 117/3, Fortune Square  
Flat No. T-301 and T-302  
S.C. Road, Seshadripuram  
BENGALURU - 560 020  
Tel : 080-23560283/23464144/23560618  
E-mail : pnrcompany@yahoo.co.in  
pnrcoekar@dataone.in  
Web : www.pnrco.net

To,  
The Managing Director,  
Karnataka Urban Infrastructure Development &  
Finance Corporation Ltd  
Nagarabhivruddhi Bhavan,  
No 22, 17<sup>th</sup> F Cross, Old Madras Road,  
Indiranagar, 2<sup>nd</sup> Stage,  
Bangalore – 560 038

Dear Sir,

**Sub : Audit of Project Financial Statements of the Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 1 financed under Asian Development Bank Loan No. 3148-IND for the year ended 31.03.2021**

We have audited the accompanying Project Financial Statements (PFS) of the **Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 1** financed under Asian Development Bank Loan No. 3148-IND, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement' and related notes for the year ended 31st March 2021.

Please note that no management letter has been prepared together with the audit report on the project financial statement.

Date: 15.02.2022  
Place : Bangalore

for P N R & Co.,  
Chartered Accountants  
Firm Registration No : 0024955

(P N Rajashekar)  
Partner  
Membership No: 22647







No. KUIDFC/FIN/ADB/AUD-APA/2020-21/

February 16, 2022

**Mr. Takeo Konishi,**  
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 Financial statement (APFS) - FY 2020-2021– 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 2020-2021 and Audited Project Accounts (APA), Certificate of verification audit dated 15.02.2022, under KIUWMIP Grant No.0399-IND, Project-1, for the FY 2020-2021 issued by M/s. P. N. R. & 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), 5<sup>th</sup> Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi – 110 001.
3. Additional Secretary to Govt, (FR), Finance Dept, 1<sup>st</sup> Floor, 3<sup>rd</sup> Stage, M.S Building, Bangalore



**P.N.R. & Co.,**  
Chartered Accountants

No. 117/3, Fortune Square  
Flat No. T-301 and T-302  
S.C. Road, Seshadripuram  
BENGALURU - 560 020  
Tel : 080-23560283/23464144/23560618  
E-mail : pnrcompany@yahoo.co.in  
pnrcoekar@dataone.in  
Web : www.pnrco.net

**Independent Auditor's Report**

To,

The Managing Director,  
Karnataka Urban Infrastructure Development & Finance Corporation Limited,  
Nagarabhivruddi Bhavana,  
#22, 17<sup>th</sup> 'F' cross, Old Madras Road,  
Indiranagar 2<sup>nd</sup> Stage,  
Bangalore- 560 038

**Report on the Project Financial Statements**

We have audited the accompanying Project Financial Statements (PFS) of the **Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 1** financed under Asian Development Bank Grant No. 0399-IND, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement' and related notes for the year ended 31st March 2021.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India and Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of Project for the year ended 31st March 2021 in accordance with Government of India accounting standards.

In addition, in our opinion:

- a) Proceeds of the grant from ADB have been utilized for the purposes as per ADB Grant Agreement.
- b) Financial Covenants in the ADB Grant agreement no. 0399-IND dated 30<sup>th</sup> December 2014 have been complied with.
- c) (i) Expenditures shown in the PFS are eligible for financing under the Project Financing Agreements.

(ii) There was no imprest account during the year ended 31<sup>st</sup> March 2021.

Date: 15.02.2022  
Place : Bangalore

for **P N R & Co.,**  
Chartered Accountants  
Firm Registration No : 002495S

(P N Rajashekar)  
Partner

Membership No: 22647

UDIN: 22022647ACW6XS7706





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 2021**

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 <sup>1</sup> (A)		495	389	-
Receipts				
Funds received from Government <sup>2</sup>	4	1,698	106	2,194
ADB Loan <sup>3</sup>				-
ADB Grant <sup>3</sup>	6.1	7,592	12,894	54,096
Co - financier 1				-
Co - financier 2				-
Beneficiary Contribution (if any)		-	-	-
Other receipts such as interest income, sale from disposals of fixed assets etc.		-	-	-
<b>Total Receipts (B)</b>		<b>9,290</b>	<b>13,000</b>	<b>56,290</b>
<b>Total (C = A + B )</b>		<b>9,785</b>	<b>13,389</b>	<b>56,290</b>
Payments				
Investment costs <sup>4</sup>				
Toilet Construction Through Output Based Assistance Programme (OBA)		4,217	12,894	50,722
<b>Total Investments ( D )</b>		<b>4,217</b>	<b>12,894</b>	<b>50,722</b>
Recurrent Costs				
Consultancy and Administration		-	-	-
<b>Total Payments (E)</b>		<b>4,217</b>	<b>12,894</b>	<b>50,722</b>
Financing Charges During Implementation ( F )		-	-	-
<b>Total Project Cost (F= E + F)</b>		<b>4,217</b>	<b>12,894</b>	<b>50,722</b>
<b>Closing Balance (C- E)</b>		<b>5,568</b>	<b>495</b>	<b>5,568</b>

<sup>1</sup> This includes beneficiary contribution as well as fund from Government of Karnataka

<sup>2</sup> This is amount received from Government for the project under budgetary allocation

<sup>3</sup> This is amount reimbursed by ADB to Government

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

Notes 1 to 6 of the financial statements form an integral part of these financial statements

For and on behalf of KUIDFCL

*(Signature)*

(Harisha. A)

General Manager - Finance

As per our report of even date  
 for P. N. R. & Co.,  
 Chartered Accountants  
 FRN: 002495S

(P N Rajashekar)

Partner M.No: 22647

15.02.2022



## Annexure-2

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 ENDED 31st March 2021

								In (INR) '000
Particulars	ADB <sup>4</sup>			Co-Financier		Government		Total Expenditure
	Percentage of Financing <sup>1</sup> 1	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2	% 3	Amount 4	% 5	Amount 6	% 7	
Investment costs <sup>2</sup>								8
Toilet Construction Through Output Based Assistance Programme (OBA)	100%	7,592	180%			(3,375)	-80%	4,217
Total Cost <sup>3</sup>		7,592	180%			(3,375)	-80%	4,217
% of Total project Cost		59%				0%		33%
Total Project Cost for 01.04.2019 to 31.3.2020		12,894				-		12,894

<sup>1</sup> The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).

<sup>2</sup> Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement

<sup>3</sup> The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.

<sup>4</sup> This shall include total expenditure claimed from ADB under various disbursement procedures, i.e. direct payment, reimbursement, imprest account and commitment letter

Notes 1 to 6 of the financial statements form an integral part of these financial statements

For and on behalf of KUIDFCL

(Harisha. A)  
General Manager - Finance

As per our report of even date  
for P. N. R. & Co.,  
Chartered Accountants  
FRN: 002495S

(P N Rajashekar)  
Partner M.No: 22647

15.02.2022





## Annexure-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

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2021

## Statement of Disbursement (Expenditure Incurred)

Details of the disbursement by method are given below

				In (INR) '000
Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund Claimed during the year				
Reimbursement (Expenditure) <sup>3</sup>	6.1 & 6.7	-	7,802	54,097
Imprest Fund <sup>3</sup>	6.2	-	-	-
Direct payment	6.3	-	-	-
Commitment Letter	6.4	-	-	-
<b>Sub Total</b>	(A)	-	<b>7,802</b>	<b>54,097</b>
<b>Total Expenditure made during the year <sup>1</sup></b>	(B)	4,217	12,894	50,722
Less : Expenditure not yet claimed	(C)	7,592	5,092	-
Less : Borrower's share & Ineligible <sup>2</sup>	(D)	(3,375)	-	(3,375)
<b>Total Eligible Expenditure claimed ( B - C - D = E = A )</b>	(E)	-	<b>7,802</b>	<b>54,097</b>

<sup>1</sup> The total expenditure as per Statement of Receipts and Payments.

<sup>2</sup> This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6)

<sup>3</sup> Includes both claims using SOE and full supporting documentation

Notes 1 to 6 of the financial statements form an integral part of these financial statements

For and on behalf of KUIDFCL

*Harisha. A.*

(Harisha. A)

General Manager - Finance

As per our report of even date

for P. N. R. & Co.,  
Chartered Accountants  
FRN: 002495S

(P N Rajashekar)

Partner M.No: 22647

15.02.2022



**KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED**  
**Name of the project : Karnataka Integrated Urban Water Management Investment Program**  
**(KIUWMIP) - PROJECT - Grant No : 0399 IND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2021**

**1. PROJECT NATURE AND ACTIVITIES**

**1.1 Construction of Toilets under Output Based Aid (OBA) Programme**

Project-1 of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) (the Project) supported improvements in Urban Infrastructure and Services in the following 4 ULBs: Byadagi, Davanagere, Harihara 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 Out Based Aid (OBA) for Toilet Construction in KIUWMIP ULB's. The approximate population to be covered by the OBA toilet programme is 47,579 (Original 5752 & Revised 5539 (5368+171) households were targeted for toilet coverage) across the 4 cities of Tranche-1 towns. The total sanctioned grant amount for construction of Individual House Hold toilets (IHHL) by ADB was Rs. 11.7 Cr, out of which Rs. 6.03 Cr has been approved for construction of 5752 IHHL at a cost of Rs. 10500 per unit.

As per the direction of ADB the unspent grant amount of Rs. 5.67 Cr was proposed for being utilized for construction of school toilets in project towns. Accordingly, the proposal for construction of school toilets in 57 Schools/ Anganavadi/ High School/ College at the project cost of Rs. 4.91 Cr has been sent to ADB for approval. The same has been approved by ADB. The tender has been awarded and LOAs issued to the Contractors.

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

Technical support, including construction supervision to the ULBs has been provided by the Project Management, Design and Construction Supervision Consultant (PMDSCS). Further, the active participation of beneficiaries and ULB was crucial to the success of the program.

ULBs has been provided 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 facilitated the process of timely release of subsidies from the ULB during construction of individual and community toilets and provided hands on support and guidance to beneficiaries during construction of toilets.

The PCA-OBA Consultant was responsible for receiving, assessing and submitting beneficiary applications to the ULBs for final assessment and approval. The PCA-OBA Consultant also monitored the progress of construction and connection of toilets under the OBA program





**1.2 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 facilitated implementation of Output Based Aid (OBA) for construction and usage of various types of toilets and associated services, as follows:

- i) Communicate improved Water and Sanitation Services in the ULBs,
- ii) Communicate 100% households and other Water Users, including other stakeholders towards 24x7 Water Supply.
- iii) Conduct Sanitation related awareness, Output Based Aid (OBA) for Toilets targeting Urban poor, and behaviour change process to achieve open defecation free (ODF) communities across the ULBs.
- iv) Communicate over the Gender Inclusion elements and social / environmental safeguards.

**2. STATEMENT OF COMPLIANCE:**

These financial statements have been prepared in accordance with the approved accounting standard as applicable in India. This refers to the cash basis of the accounting applied with due regard to the general financial rules, PWD codes, Treasury codes and similar financial rules and codes as are in effect and applicable to the operations of the project.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Financial Statements**

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financer, the Statement of Disbursement and related notes and appendices to the financial statements.

**3.2 Basis of Measurements:**

The financial Statements have been prepared under the historical cost convention and on cash basis of accounting.

**3.3 Changes in Accounting Policies:**

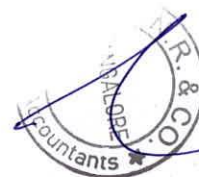
During the period of Annual Financial Statements, there are no changes in accounting policies.

**3.4 Fund Flow Mechanism:**

PMU, KUIDFC gets the grants from Govt. of Karnataka through the Annual Budgetary support for the project and funds will be released to KUIDFC from Treasury, Govt. of Karnataka. The total project cost is partially funded by GOK and ADB Grant. ADB Grant proceeds are disbursed in accordance with ADB's Grant disbursement procedure.

**3.5 Advances and Other receivables:**

Not Applicable



**3.6 Cash & Cash Equivalents:**

Cash & Cash Equivalents comprises of cash on hand, if any and bank balance

**3.7 Accrued and other liabilities:**

Since the projects accounts are maintained on cash basis of accounting, no provision has been made for accrual and liabilities.

**3.8 Income:**

The income generated out of unutilized grant received from Government of Karnataka is accounted in the financial statements and adjusted against expenditure incurred during the year.

**3.9 Foreign currency transactions and translation**

**(a) Functional and presentation currency**

Items included in the financial statements of the project are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is the Indian Rupee (INR).

**(b) Transactions and balances**

Transactions in Foreign currency are converted at the exchange rate prevailing at the date of transaction. The project is not maintaining any foreign currency bank balances.

**3.10 Allocation of common costs**

Not applicable

**3.11 Interest expenses and financial charges:**

Not applicable





**4. FUNDS RECEIVED FROM THE GOVERNMENT**

In (INR)'000

Particulars	Current Year	Previous Year	Cumulative Year to date
Government counterpart funding	1,698	106	2,194
Amount reimbursable to Government	7,592	12,894	54,096
<b>Total</b>	<b>9,290</b>	<b>13,000</b>	<b>56,290</b>

**5. DATE OF AUTHORIZATION**

This financial statements have been authorized for issue by the General Manager (Finance) of KUIDFC on 15.02.2022



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 2021

## 6. Funds Received from ADB

Date of Grant Agreement	30th December 2014
Date of Grant effectiveness	07th May 2015
Date of Physical Closure	30th September 2021
Date of Financial Closure	31st December 2021

	Cat Ref.	ITEM	Original Allocation as per loan agreement (US \$)
Categorywise Disbursement	1	Toilet Construction under the Output Based toilet Program	18,00,000
		<b>Total</b>	<b>18,00,000</b>

## Key Terms &amp; Conditions: interest, Commitment charges &amp; 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.

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	7,592	12,894	54,097
- By Imprest Account <sup>1</sup>	6.2			
-By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		-	-	-
ADB Grant		7,592	12,894	54,097
ADB loan and Grant Total		<b>7,592</b>	<b>12,894</b>	<b>54,097</b>

<sup>1</sup> This should agree with the advances/replenishments net of refunds in Statement 6.2.

## 6.1 Funds Received from ADB through Reimbursement Method

The statement for reimbursement of eligible expenditure from ADB to support the numbers, a detailed note alongwith WA wise summaries is mentioned in Annexure-5A





**Annexure-5A****KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED**

**Name of the project : Karnataka Integrated Urban Water Management Investment Program  
(KIUWMIP) - PROJECT - Grant No : 0399 IND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March'2021****6.1 Funds Received from ADB through Reimbursement Method**

Actual ADB reimbursement received for the year from 01.04.2020 to 31.03.2021 based on ADB value date is INR Nil/-. Expenditure incurred during the F.Y 2020-21 is not claimed before 31.03.2021, But WA submitted after closure of Financial Year and same is shown under the nomenclature "Yet to be claimed". This amount is not shown/reported in current year (01.04.2020 to 31.03.2021) column which otherwise would result in duplication.

ADB Grant/reimbursement received for the years shown in Annexure-1- "Statement of Receipts of payments" has been arrived as follows:

In INR			
Description	During the Current Year	During the Previous Year	Cumulative project to Date
Actual ADB reimbursement received for the year based on ADB value date	-	78,01,500	5,40,96,179
Less: Previous period claim	-	-	-
<b>Sub Total</b>	-	<b>78,01,500</b>	<b>5,40,96,179</b>
Add : Yet to be claimed/ Expenditure not yet claimed for the year	75,91,679	50,92,500	-
<b>Total</b>	<b>75,91,679</b>	<b>1,28,94,000</b>	<b>5,40,96,179</b>

Withdrawal Applications (WA) wise break up of reimbursement details are shown in the below tables:

**A. Grant funds received from ADB through reimbursement procedure for the period from  
01.04.2020 to 31.03.2021**

In (INR), 000					
WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
NIL					



**Annexure-5A****KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED****Name of the project : Karnataka Integrated Urban Water Management Investment Program  
(KIUWMIP) - PROJECT - Grant No : 0399 IND****B. Grant funds received from ADB through reimbursement procedure for the previous period claim**

In (INR), 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
Nil					

**C. Expenditure not yet claimed**

In (INR), 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
WA010	1	7,591	100%	7,591	Documented
<b>Total</b>		<b>7,591</b>		<b>7,591</b>	





## Annexure-6

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 2021**

		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>		
<b>As per Bank Statement</b>	<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**

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.



## Annexure-7

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

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 2021

In (INR) '000

Application No.	W/Appl. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing % 1	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 2021										
				-		-	-		-	

<sup>1</sup> The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE  
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2020

In (INR) '000

Application No.	W/Appl. No.	SOE sheet No	Category	Total amount paid Eligible Amount	ADB Financing % 1	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 2020										

<sup>1</sup> The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.

DA





**Annexure-8****KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED****Name of the project : Karnataka Integrated Urban Water Management Investment Program****(KIUWMIP) - PROJECT - Grant No : 0399 IND****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March'2021****6.7 Details of Disbursement claimed from ADB through Reimbursement Method are given below****Disbursement claimed from ADB through Reimbursement Method for the period from 01.04.2020 to 31.03.2021**

Actual ADB fund claimed during the period 01.04.2020 to 31.03.2021 is INR Nil.

ADB fund claimed during the periods shown in Annexure-3 – “Statement of Disbursement” has been arrived as follows:

In INR			
Description	01.04.2020 to 31.03.2021	01.04.2019 to 31.03.2020	Cumulative
Actual ADB Fund claimed during the year	Nil	78,01,500	5,40,96,179
Less: Previous period claim	Nil	Nil	
<b>Sub Total</b>	-	<b>78,01,500</b>	<b>5,40,96,179</b>
<b>In (INR) '000</b>	-	<b>7,802.000</b>	<b>54,097.179</b>

Place : Bangalore

Date : February 15, 2022

**(HARISHA A)****General Manager – Finance**

As per our report of even date

for P. N. R. &amp; Co.,

Chartered Accountants

FRN: 002495S

  
**(P N Rajashekar)****Partner M.No: 22647**

## Annexure-9

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 2021				For the Previous Year Ended 2020				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)	4,217	4,217	100%	-	12,894	12,894	0%	-	50,722	50,722	100%	-
<b>Total</b>	<b>4,217</b>	<b>4,217</b>	<b>100%</b>	<b>-</b>	<b>12,894</b>	<b>12,894</b>	<b>100%</b>	<b>-</b>	<b>50,722</b>	<b>50,722</b>	<b>100%</b>	<b>-</b>
Financing Charges During Implementation	-	-		-	-			-	-	-	0%	-
<b>Total Project Cost</b>	<b>4,217</b>	<b>4,217</b>	<b>100%</b>	<b>-</b>	<b>12,894</b>	<b>12,894</b>	<b>0%</b>	<b>-</b>	<b>50,722</b>	<b>50,722</b>	<b>100%</b>	<b>-</b>
<b>Grand Total of Expenditure in USD @ 75.8276</b>		55.61				170.04				688.30		





# Annexure-10

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												
Toilet Construction Through Output Based Assistance Programme (OBA)	-	(3,375)	50,722	12,894	4,217	50,722	-	-	-	-	(3,375)	50,722
<b>Total</b>	-	(3,375)	50,722	12,894	4,217	50,722	-	-	-	-	(3,375)	50,722
Financing Charges During Implementation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Project Cost</b>	-	(3,375)	50,722	12,894	4,217	50,722	-	-	-	-	(3,375)	50,722
% OF Total project Cost		59%										





**P.N.R. & Co.,**  
Chartered Accountants

No. 117/3, Fortune Square  
Flat No. T-301 and T-302  
S.C. Road, Seshadripuram  
BENGALURU - 560 020  
Tel : 080-23560283/23464144/23560618  
E-mail : pnrcompany@yahoo.co.in  
pnrcoekar@dataone.in  
Web : www.pnrco.net

To,

The Managing Director,  
Karnataka Urban Infrastructure Development &  
Finance Corporation Ltd  
Nagarabhivruddhi Bhavan,  
No 22, 17<sup>th</sup> F Cross, Old Madras Road,  
Indiranagar, 2<sup>nd</sup> Stage,  
Bangalore – 560 038

Dear Sir,

**Sub : Audit of Project Financial Statements of the Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 1 financed under Asian Development Bank Grant No. 0399-IND for the year ended 31.03.2021**

We have audited the accompanying Project Financial Statements (PFS) of the **Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 1** financed under Asian Development Bank Grant No. 0399-IND, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement' and related notes for the year ended 31st March 2021.

Please note that no management letter has been prepared together with the audit report on the project financial statement.

Date: 15.02.2022  
Place : Bangalore

for P N R & Co.,  
Chartered Accountants  
Firm Registration No : 0024955

(P N Rajashekar)  
Partner  
Membership No: 22647

