

Audited Project Financial Statements

Project Number: 43253-027
Loan/Grant Number: 3726
Period covered: 01 April 2021 to 31 March 2022

INDIA: Karnataka Integrated Urban Water Management Investment Program - Tranche 2

Prepared by Karnataka Urban Infrastructure Development and Finance Corporation Limited

For the Asian Development Bank
Date received by ADB: 24 September 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.



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
pnrc01958@gmail.com
Web : www.pnrco.net

Independent Auditor's Report

To,

The Managing Director,
Karnataka Urban Infrastructure Development & Finance Corporation Limited,
Nagarabhivruddi Bhavana,
#22, 17th 'F' cross, Old Madras Road,
Indiranagar 2nd 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 2** financed under Asian Development Bank Loan No. 3726-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 2022.

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 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 2022 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. 3726-IND dated 27th November 2018 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 31st March 2022.

Date: 22.09.2022
Place : Bangalore

for **P N R & Co.,**
Chartered Accountants
Firm Regn No : 0024958

(E. Venkatramappa)
Partner
Membership No: 029721
UDIN: 22029721ATYBOM6733





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

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To,

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

Dear Sir,

Sub : Audit of Project Financial Statements of the Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 2 financed under Asian Development Bank Loan No. 3726-IND for the year ended 31.03.2022

We have audited the accompanying Project Financial Statements (PFS) of the **Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) – Project 2** financed under Asian Development Bank Loan No. 3726-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 2022.

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

Date: 22.09.2022

Place : Bangalore

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

(E Venkatramappa)
Partner
Membership No: 029721



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 2
 Loan No. : 3726 IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR / PERIOD ENDED 31st March 2022

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)		1,581,369	285,898	-
Receipts				
Funds received from Government ²	4	991,527	1,573,597	3,204,140
ADB Loan ³	6.1	958,473	793,213	3,112,670
ADB Grant ³				-
Co - financier 1				-
Co - financier 2				-
Beneficiary Contribution (if any)		(4,962)	7,500	154,246
Other receipts such as interest income, sale from disposals of fixed assets etc.		(82,479)	(83,852)	(166,331)
Total Receipts (B)		1,862,559	2,290,458	6,304,725
Total (C = A + B)		3,443,928	2,576,356	6,304,725
Payments				
Investment costs ⁴				
Civil Works		1,532,834	918,493	4,110,344
Equipments			-	-
other cost - Land Acquisition		325	31,133	56,556
Total Investments (D)		1,533,159	949,626	4,166,900
Recurrent Costs				
Consultancy and Administration		73,982	45,360	301,038
Total Payments (E)		1,607,141	994,986	4,467,938
Financing Charges During Implementation (F)				-
IDC	3.11	18,159	27,586	55,172
Commitment Charges		5,255	6,496	17,020
Total Project Cost (F= E + F)		1,630,555	1,029,068	4,540,129
Closing Balance (C- E)		1,836,787	1,581,369	1,836,787

¹ This includes beneficiary contribution as well as fund from Government of Karnataka

² This is amount received from Government for the project under budgetary allocation

³ This is amount reimbursed by ADB to Government

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

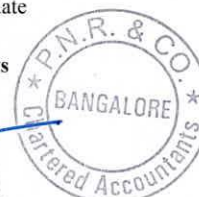
Notes 1 to 6 of the financial statements form an integral part of these financial statements

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

(E.Venkatramappa)
 Partner M.No: 029721



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 2

Loan No : 3726 IND

STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER
REPORT FOR THE YEAR ENDED 31st March 2022

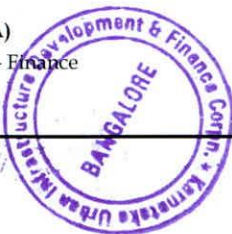
In (INR) '000

Particulars	ADB ⁴			Co-Financier		Government		Total Expenditure
	Percentage of Financing 1 1	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2 2	% 3 3	Amount 4 4	% 5 5	Amount 6 6	% 7 7	8
Investment costs ²								
Civil Works-1	82%	958,473	82%			210,397	18%	1,168,870
Civil Works-2	0%		0%			363,964	100%	363,964
Equipments	89%	-	-			-	-	-
Sub Total (A)		958,473		-		574,361		1,532,834
other cost - Land Acquisition	0%	-	0%			325	100%	325
Consultancy and Administration	0%	-	0%			73,982	100%	73,982
Sub Total (B)		-		-		74,307		74,307
Total Cost (C=A+B) ³		958,473		-		648,668		1,607,141
% OF Total project Cost		60%				40%		100%
Total Project Cost for 01.04.2020 to 31.3.2021		793,213				201,773		994,986

¹ The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).² Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement³ The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.⁴ 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(E.Venkatramappa)
Partner M.No: 029721

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 2

Loan No : 3726 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2022

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) ³	6.1 & 6.7	747,438	627,556	3,112,670
Imprest Fund ³	6.2	-	-	-
Direct payment	6.3	-	-	-
Commitment Letter	6.4	-	-	-
Sub Total	(A)	747,438	627,556	3,112,670
Total Expenditure made during the year ¹	(B)	1,607,141	994,986	4,467,938
Less : Expenditure not yet claimed	(C)	211,035	165,657	-
Less : Borrower's share & Ineligible ²	(D)	648,668	201,773	1,355,268
Total Eligible Expenditure claimed (B - C - D = E = A)	(E)	747,438	627,556	3,112,670

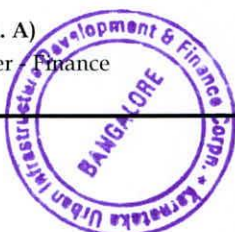
¹ The total expenditure as per Statement of Receipts and Payments.² This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6)³ Includes both claims using SOE and full supporting documentation

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 Finance



As per our report of even date

for P. N. R. & Co.,

Chartered Accountants

FRN: 002495S



(E.Venkatramappa)
Partner M.No: 029721



KARNATAKA URBAN INFRASTRUCTURE DEVELOPMENT AND FINANCE CORPORATION LIMITED

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

PROJECT - Loan No : 3726 IND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2022**1. PROJECT NATURE AND ACTIVITIES**

1.1 Project-2 of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) (the Project) supports improvements in urban infrastructure and services in the following 4 ULBs: Mangaluru, Puttur, Udupi, Kundapur 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 4 ULBs: Mangaluru, Puttur, Udupi, Kundapur. The following will be the specific outputs under this component:

- (i) 24X7 water supply to Kundapura city (8 years O&M) – 56.68 km Pipe line, HSC-6450 (new HSC-2250), OHT-2 No.
- (ii) 24X7 water supply to Udupi city Distribution (8 years O&M) – 296 km Pipe line, HSC-36452(new HSC-17715).
- (iii) 24X7 water supply to Puttur city (8 years O&M) – 181.51 km Pipe line, New HSC-4910 Nos, Replacement of water meters-9226 Nos, OHT-6No, GLSR-1No, WTP-8.7 MLD
- (iv) 24X7 water supply to Mangalore city Distribution (8 years O&M)– 81.7 MLD Filter house, 160 MLD Back wash treatment plant, Pipe line-1453.83 km ,OHT-20 Nos, GLSR-4Nos, HSC-96300 Nos

Output B: Sanitation Infrastructure

This output comprises Replacement of sewerage pumping systems in the Mangaluru City (ULB).

The following will be the specific output under this component:

- (i) Replacement of old sewerage pumping main for Mangalore city– 11.04 km pipe line, Road Restoration-6.72 km.

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

This component will finance in Tranche 2:

- (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 4 Project-2 Towns;
- (iii) PSP approaches in water and sewerage service delivery.
- (iv) The preparation of the public communication and awareness program and materials.

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-2;
- (iii) Training programs for developing administrative and water management capacity at ULB level in 4 Project- 2 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.



Annexure 4

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 Project Administrative Manual (FAM), financing charges comprise interest during construction (IDC) and Commitment charges payable to ADB. Estimated amount of \$ 7.00 million has been allocated towards financing charges to be financed completely by the Borrower.

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.



Annexure 4

Bifurcation of financing charges between interest and commitment charges as per FAM is shown below:

In (INR)' 000

Component	Total \$ million	ADB financing \$ million	Borrower /GOK Financing \$ million	Total in (INR)' 000 *	During the period from 01.04.2021 to 31.03.2022	During the period from 01.04.2020 to 31.03.2021	Cumulative project to date As at 31.03.2022
IDC	6.70	-	6.70	4,35,500	18159.329	27585.896	55171.615
Commitment charges	0.30	-	0.30	19,500	5254.502	6495.738	17019.805
Total	7.00	-	7.00	4,55,000	23413.831	34081.634	72191.42

*Exchange rate taken @ INR 65.00/USD

Interest and commitment charges incurred for the current period, previous period and cumulative period have been shown based on the data published in the website: caaa.gov.in of "Office of the Controller of Aid Accounts & Audit Division", MOF, DEA, GOI

4. FUNDS RECEIVED FROM THE GOVERNMENT

In (INR)'000

Particulars	Current Year	Previous Year	Cumulative Year to date
Government counterpart funding	9,91,527	15,73,597	32,04,140
Amount reimbursable to Government	9,58,473	7,93,213	31,12,670
Total	19,50,000	23,66,810	63,16,810

5. DATE OF AUTHORIZATION

This financial statements have been authorized for issue by the General Manager (Finance) of KUIDFC on 22.09.2022



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 2

Loan No : 3726 IND

REPORT FOR THE YEAR / PERIOD ENDED 31st March 2022

6. Funds Received from ADB

Date of loan Agreement	27th November 2018
Date of loan effectiveness	11th February 2019
Date of Physical Closure	15th September 2023
Date of Financial Closure	15th March 2024

Cat Ref.	ITEM	Original Allocation as per loan agreement (US \$)	Revised Allocation as per LFIS (US \$)
1	Works	68,705,000	-
2	Unallocated	6,295,000	-
	Total	75,000,000	-

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 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

Interest Rates

Section 2.03 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

Commitment Fee

Section 2.04 Interest and other charges on the Loan shall be payable semiannually on 15 April and 15 October 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	958,473	793,213	3,112,670
- By Imprest Account ¹	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		958,473	793,213	3,112,670
ADB Grant		-	-	-
ADB loan and Grant Total		958,473	793,213	3,112,670

¹ 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 : 3726 IND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March'2022

6.1 Funds Received from ADB through Reimbursement Method

Actual ADB reimbursement received for the year from 01.04.2021 to 31.03.2022 based on ADB value date is INR 91,30,95,645/-. This includes the previous period claim of INR 16,56,57,025/-. Since this amount of INR 16,56,57,025/- had been already reported/included in the previous Audited APFS for the period from 01.04.2020 to 31.03.2021 under the nomenclature "Yet to be claimed". This amount is not shown/reported in current year (01.04.2021 to 31.03.2022) column which otherwise would result in duplication.

ADB Loan/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	91,30,95,645	69,62,07,413	311,26,69,714
Less: Previous period claim	16,56,57,025	6,86,51,723	-
Sub Total	74,74,38,620	62,75,55,690	311,26,69,714
Add : Yet to be claimed/ Expenditure not yet claimed for the year	21,10,34,828	16,56,57,025	-
Total	95,84,73,448	79,32,12,715	311,26,69,714

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 01.04.2021 to 31.03.2022

In (INR)' 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
T2-0024	1	87,719	82%	71,930	Documented
T2-0025	1	1,25,004	82%	1,02,503	Documented
T2-0026	1	60,151	82%	49,324	Documented
T2-0027	1	63,415	82%	52,000	Documented
T2-0028	1	53,026	82%	43,481	Documented
T2-0029	1	68,360	82%	56,055	Documented
T2-0030	1	1,77,722	82%	1,45,732	Documented
T2-0031	1	67,506	82%	55,355	Documented
T2-0032	1	2,08,607	82%	1,71,058	Documented
T2-0033	1	2,57,360	82%	2,11,035	Documented
Total		11,68,870		9,58,473	



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 : 3726 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-23	1	2,02,020	82%	165,657	Documented
Total		2,02,020		1,65,657	

C. Expenditure not yet claimed

In (INR)' 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
T2-0033	1	2,57,360	82%	2,11,035	Documented
Total		2,57,360		211,035	



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 2

Loan No : 3726 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 2022

		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)		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	

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

No grant given



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 2

Loan No : 3726 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 2022

In (INR) '000

Application No.	W/Apl. 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 2022										
				-		-	-		-	

¹ 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 2021

In (INR) '000

Application No.	W/Apl. 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										
				-		-	-		-	

¹ 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 : 3726 IND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March'2022**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 01.04.2021 to 31.03.2022**

Actual ADB fund claimed during the period 01.04.2021 to 31.03.2022 is INR 91,90,95,645/-. This includes previous period claim of INR 16,56,57,025/-. Since this amount had been already reported/included in the previous Audited APFS for the period from 01.04.2020 to 31.03.2021 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		
	01.04.2021 to 31.03.2022	01.04.2020 to 31.03.2021	Cumulative
Actual ADB Fund claimed during the year	91,30,95,645	69,62,07,413	311,26,69,714
Less: Previous period claim	16,56,57,025	6,86,51,723	-
Sub Total	74,74,38,620	62,75,55,690	311,26,69,714
In (INR) '000	7,47,438.620	6,27,555.690	31,12,669.714

Place : Bangalore

Date : September 22, 2022

(HARISHA. A)

General Manager – Finance



As per our report of even date

for P. N. R. & Co.,

Chartered Accountants

FRN: 002495S

(E. Venkatramappa)

Partner M.No: 029721



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 2
 Loan No : 3726 IND

STATEMENT OF APPROPRIATION VS ACTUAL

In (INR) '000

Cost Categories	For the Current Year Ended 2022				For the Year Ended 2021				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	1,875,693	1,532,834	82%	342,859	1,936,000	918,493	47%	1,017,507	6,091,982	4,110,344	67%	1,981,638
Equipments	-	-		-	-	-		-	-	-	0%	-
Consultancy & Admin exp incld advances	73,982	73,982	100%	-	45,360	45,360	100%	-	301,038	301,038	100%	-
Total	1,949,675	1,606,816	82%	342,859	1,981,360	963,853	49%	1,017,507	6,393,020	4,411,382	69%	1,981,638
II) Land Acquisition	325	325	100%	-	31,133	31,133	100%	-	56,556	56,556	100%	-
Total Expenditure - (I + II)	1,950,000	1,607,141	82%	342,859	2,012,493	994,986	49%	1,017,507	6,449,576	4,467,938	69%	1,981,638
Financing Charges During Implementation	-	-		-	-	-		-	-	-	0%	-
IDC	-	18,159			-	27,586			-	55,172		
Commitment Charges	-	5,255			-	6,496			-	17,020		
Total Project Cost	1,950,000	1,630,555	84%	342,859	2,012,493	1,029,068	51%	1,017,507	6,449,576	4,540,129	70%	1,981,638
Grand Total of Expenditure in USD @ 75.8276		21,503.45				13,571.15				60,226.38		



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 2
 Loan No : 3726 IND

EXPENDITURE BY OUTPUT COMPONENTS

In (INR) '000

Cost Categories	Unallocable common costs			Output1			Output 2			Output 3			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	Prior Year	Current Year	Cum to Date
I) Expenditures by Component for Tranche 1															
Works	125,280	574,361	997,674	793,213	958,473	3,112,670	-	-	-	-	-	-	918,493	1,532,834	4,110,344
Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consultancy & Admin exp incld. advances	-	-	-	-	-	-	-	7,787	7,787	45,360	66,195	293,251	45,360	73,982	301,038
Total	125,280	574,361	997,674	793,213	958,473	3,112,670	-	7,787	7,787	45,360	66,195	293,251	963,853	1,606,816	4,411,382
II) Land Acquisition	31,133	325	56,556	-	-	-	-	-	-	-	-	-	31,133	325	56,556
Total Expenditure - (I + II)	156,413	574,686	1,054,230	793,213	958,473	3,112,670	-	7,787	7,787	45,360	66,195	293,251	994,986	1,607,141	4,467,938
Financing Charges During Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IDC	27,586	18,159	55,172										27,586	18,159	55,172
Commitment Charges	6,496	5,255	17,020										6,496	5,255	17,020
Total Project Cost	190,495	598,100	1,126,421	793,213	958,473	3,112,670	-	7,787	7,787	45,360	66,195	293,251	1,029,068	1,630,555	4,540,129





No. KUIDFC/FIN/ADB/AUD-APA/2021-22/

September 22, 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 Project Financial statements (APFS) - FY 2021-2022– Reg.**

* * *

With reference to the subject cited above, as per the project agreement requirement, we are forwarding herewith Audited Project Financial Statements (APFS), Certificate of verification audit dated 22.09.2022, under KIUWMIP Grant No.0399-IND- Project-1 for the FY 2021-2022 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), 5th Floor, 'B' Wing, Janpath Bhavan, Janpath, New Delhi – 110 001.
3. Additional Secretary to Govt, (FR), Finance Dept, 1st Floor, 3rd Stage, M.S Building, Bangalore



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
pnrco1958@gmail.com
Web : www.pnrco.net

Independent Auditor's Report

To,

The Managing Director,
Karnataka Urban Infrastructure Development & Finance Corporation Limited,
Nagarabhivruddi Bhavana,
#22, 17th 'F' cross, Old Madras Road,
Indiranagar 2nd 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 2022.

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 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 2022 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 30th 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 31st March 2022.

Date: 22.09.2022
Place : Bangalore

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

(E Venkatramappa)
Partner
Membership No: 029721
UDIN: 22029721ATYAL7702





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
pnrc01958@gmail.com
Web : www.pnrco.net

To,

The Managing Director,
Karnataka Urban Infrastructure Development &
Finance Corporation Ltd
Nagarabhivruddhi Bhavan,
No 22, 17th F Cross, Old Madras Road,
Indiranagar, 2nd 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 31.03.2022.

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 2022.

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

Date: 22.09.2022
Place : Bangalore

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

(E Venkatramappa)
Partner
Membership No: 029721



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 2022				
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)		5,568	495	-
Receipts				
Funds received from Government ²	4	8,878	1,698	11,072
ADB Loan ³				-
ADB Grant ³	6.1	37,622	7,592	91,718
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)		46,500	9,290	102,790
Total (C = A + B)		52,068	9,785	102,790
Payments				
Investment costs ⁴				
Toilet Construction Through Output Based Assistance Programme (OBA)		52,068	4,217	102,790
Total Investments (D)		52,068	4,217	102,790
Recurrent Costs				
Consultancy and Administration		-	-	-
Total Payments (E)		52,068	4,217	102,790
Financing Charges During Implementation (F)		-	-	-
Total Project Cost (F= E + F)		52,068	4,217	102,790
Closing Balance (C- E)		-	5,568	0

¹ This includes beneficiary contribution as well as fund from Government of Karnataka


² This is amount received from Government for the project under budgetary allocation

³ This is amount reimbursed by ADB to Government


⁴ 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

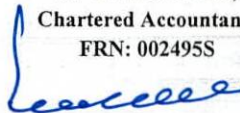
For and on behalf of KUIDFCL



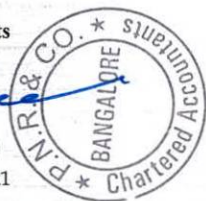
(Harisha. A)
General Manager - Finance



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



(E. Venkatramappa)
Partner M.No: 029721



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 2022

In (INR) '000

Particulars	ADB ⁴			Co-Financier		Government		Total Expenditure
	Percentage of Financing 1 1	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2	% 3	Amount 4	% 5	Amount 6	% 7	
Investment costs ²								8
Toilet Construction Through Output Based Assistance Programme (OBA)	100%	37,622	100%			-	0%	37,622
Sub Total (A)		37,622	100%			-	0%	37,622
Toilet Construction -State & ULB share						14,446	100%	14,446
Sub Total (B)		-				14,446	100%	14,446
Total Cost (C=A+B) ³		37,622		-		14,446		52,068
% of Total project Cost		41%				16%		57%
Total Project Cost for 01.04.2020 to 31.3.2021		7,592				(3,375)		4,217

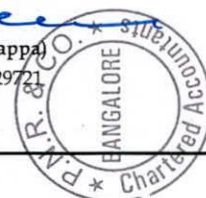
¹ The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).² Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement³ The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.⁴ 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(E. Venkatramappa)
Partner M.No: 029721

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 2022

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) ³	6.1 & 6.7	37,622	-	91,718
Imprest Fund ³	6.2	-	-	-
Direct payment	6.3	-	-	-
Commitment Letter	6.4	-	-	-
Sub Total	(A)	37,622	-	91,718
Total Expenditure made during the year ¹	(B)	52,068	4,217	102,790
Less : Expenditure not yet claimed	(C)	-	7,592	-
Less : Borrower's share & Ineligible ²	(D)	14,446	(3,375)	11,072
Total Eligible Expenditure claimed (B - C - D = E = A)	(E)	37,622	-	91,718

¹ The total expenditure as per Statement of Receipts and Payments.

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

³ 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 - Finance

As per our report of even date

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

(E.Venkatramappa)

Partner M.No: 029721



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 31st March 2022**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. 11.8 Crore) 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. 11.8 Crore. Out of which Rs. 6.03 Crore is approved for construction of 5752 IHHL at a cost of Rs.10500 per unit and final construction made and amount reimbursed for 5539 IHHL of Rs.5.81 Crores.

As per the direction of ADB the unspent grant amount of Rs.5.67 Crore 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.4.79 Crore has been sent to ADB for approval. The same has been approved by ADB at the ratio of 70:30. The construction of school Toilets have been completed and total amount reimbursed by ADB amounting to Rs.3.35 Crore.

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.

1. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

2.2 Basis of Measurements:

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

2.3 Changes in Accounting Policies:

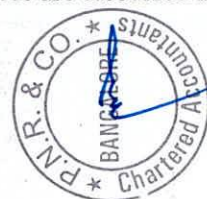
During the period of Annual Financial Statements, there are no changes in accounting policies.

2.4 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.

2.5 Advances and Other receivables:

Not Applicable



2.6 Cash & Cash Equivalents:

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

2.7 Accrued and other liabilities:

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

2.8 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.

2.9 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.

2.10 Allocation of common costs

Not applicable

2.11 Interest expenses and financial charges:

Not applicable



Annexure 4

3. FUNDS RECEIVED FROM THE GOVERNMENT

In (INR)'000

Particulars	Current Year	Previous Year	Cumulative Year to date
Government counterpart funding	8,878	1,698	11,072
Amount reimbursable to Government	37,622	7,592	91,718
Total	46,500	9,290	1,02,790

4. DATE OF AUTHORIZATION

This financial statements have been authorized for issue by the General Manager (Finance) of KUIDFC on 22.09.2022



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 2022

6. Funds Received from ADB

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

Categorywise Disbursement

Cat Ref.	ITEM	Original Allocation as per loan agreement (US \$)
1	Toilet Construction under the Output Based toilet Program	1,800,000
	Total	1,800,000

Key Terms & Conditions: interest, Commitment charges & 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	37,622	7,592	91,718
- By Imprest Account ¹	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		-	-	-
ADB Grant		37,622	7,592	91,718
ADB loan and Grant Total		37,622	7,592	91,718

¹ 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 - Grant No : 0399 IND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March'2022

6.1 Funds Received from ADB through Reimbursement Method

Actual ADB reimbursement received for the year from 01.04.2021 to 31.03.2022 based on ADB value date is INR 4,52,13,196/-. This includes the previous period claim of INR 75,91,679/-. Since this amount of INR 75,91,679/- had been already reported/included in the previous Audited APFS for the period from 01.04.2020 to 31.03.2021 under the nomenclature "Yet to be claimed". This amount is not shown/reported in current year (01.04.2021 to 31.03.2022) 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:

Description	In INR		
	During the Current Year	During the Previous Year	Cumulative project to Date
Actual ADB reimbursement received for the year based on ADB value date	4,52,13,196	-	9,17,17,696
Less: Previous period claim	75,91,679	-	-
Sub Total	3,76,21,517	-	9,17,17,696
Add : Yet to be claimed/ Expenditure not yet claimed for the year	-	75,91,679	-
Total	3,76,21,517	75,91,679	9,17,17,696

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 01.04.2021 to 31.03.2022

In (INR), 000					
WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
WA-11	1	3,790	100%	3,790	Documented
WA-12	1	13,857	100%	13,857	Documented
WA-13	1	19,407	100%	19,407	Documented
WA-14	1	568	100%	568	Documented
Total		37,622		37,622	



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

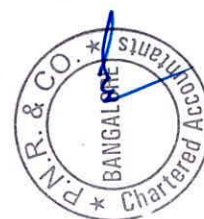
In (INR), 000

WA No.	Category	Net Eligible Expenditure	ADB Financing in %	Amount Reimbursed by ADB	Disbursement procedure
WA-10	1	7,592	100%	7,592	Documented
Total		7,592		7,592	

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

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 2022

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)		
As per Bank Statement		

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 2022

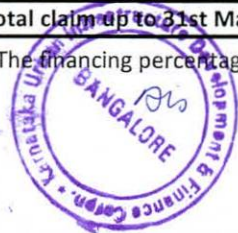
In (INR) '000

Application No.	W/Apl. 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 2022										
				-		-	-		-	

¹ 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 2021

In (INR) '000

Application No.	W/Apl. 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										

¹ 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 - Grant No : 0399 IND****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March'2022****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 01.04.2021 to 31.03.2022**

Actual ADB fund claimed during the period 01.04.2021 to 31.03.2022 is INR Nil.

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

In INR			
Description	01.04.2021 to 31.03.2022	01.04.2020 to 31.03.2021	Cumulative
Actual ADB Fund claimed during the year	4,52,13,196	Nil	9,17,17,696
Less: Previous period claim	75,91,679	Nil	
Sub Total	3,76,21,517	-	9,17,17,696
In (INR) '000	37,622.000	-	91,718.000

Place : Bangalore

Date : September 22, 2022

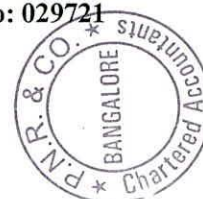
(HARISHA. A)**General Manager – Finance**

As per our report of even date

for P. N. R. & Co.,

Chartered Accountants

FRN: 002495S

(E. Venkatramappa)**Partner M.No: 029721**

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 2022				For the Previous Year Ended 2021				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)	52,068	52,068	100%	-	4,217	4,217	0%	-	102,790	102,790	100%	-
Total	52,068	52,068	100%	-	4,217	4,217	100%	-	102,790	102,790	100%	-
Financing Charges During Implementation	-	-		-	-			-	-	-	0%	-
Total Project Cost	52,068	52,068	100%	-	4,217	4,217	0%	-	102,790	102,790	100%	-
Grand Total of Expenditure in USD @ 75.8276		686.66				55.61				1,382.03		



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)	14,446	11,072	7,592	37,622	91,718	-	-	-	4,217	52,068	102,790
Total	(3,375)	14,446	11,072	7,592	37,622	91,718	-	-	-	4,217	52,068	102,790
Financing Charges During Implementation	-	-	-	-	-	-	-	-	-	-	-	-
Total Project Cost	(3,375)	14,446	11,072	7,592	37,622	91,718	-	-	-	4,217	52,068	102,790

