

TAMIL NADU URBAN DEVELOPMENT FUND

Report on the activities and Annual Accounts of Tamil Nadu Urban Development Fund for the Financial Year 2007 - 2008

1. BACKGROUND

Economic growth with equity requires city Governments to be a free and responsive developer of urban infrastructure rather than an indifferent service provider. Recognizing this imperative, Government of India (GoI) and Government of Tamil Nadu (GoTN) have set a reform agenda for making such a transformation possible. This agenda includes, first, a stable regulative framework by way of legislative reforms, second, capacity building for better governance, asset creation, maintenance, and third, creation of sustainable financial structures which link domestic capital markets with city financing needs. These objectives represents for urban Tamil Nadu the next millennium's challenge.

The Government of Tamil Nadu has been implementing the Tamil Nadu Urban Development Project (TNUDP) since 1988. In order to broaden the scope of the project and with a view to attract private capital into urban infrastructure, Tamil Nadu Urban Development Fund (TNUDF) was established in November 1996. TNUDF is the first public private partnership between Government of Tamil Nadu and three Financial Institutions (viz., ICICI, HDFC, and IL&FS) for providing long term finance for civic infrastructure on a non-guarantee mode.

2. VISION, MISSION AND GOALS :

The fact that improved urban infrastructure facilitates economic growth and human development is well known. The urban sectors challenge calls for major reforms in both the financing and management of urban infrastructure. The experience in operating the fund underscores three basic urban sector issues. First, the need for capacity building within city Governments for efficient and responsive urban service delivery, the second, given the investment requirements, the imperative to access long tenor debt and eventually create a market of municipal debt, thereby linking urban needs with domestic debt market and the third, since debt financed projects require substantial tariff changes, the need for political consensus and participatory project structuring. These three components would form the basis of any future urban work plan.

International experience indicates that TNUDF type structures serving small city needs for low capital environment enhancing projects is nothing unusual. It appears evident that since municipal demands are universal, similar structures have emerged in different economies. TNUDF would continue its endeavor to link city financing needs with domestic capital markets. Keeping in mind the above, the Vision, Mission and Goals of TNUDF are drafted.

VISION

"To be a sustainable financial intermediary that enhances the flow of private capital to urban sector in Tamil Nadu and facilitates urban local bodies become capable and sustainable organisations, sensitive to stakeholders in providing the highest quality of urban services".

MISSION

"To contribute to improvement in urban quality of life in Tamil Nadu by facilitating efficient urban infrastructure asset creation and provision of urban services through innovative project development, independent appraisal and sustainable financing"

GOALS

1. Facilitate urban infrastructure asset creation in Tamil Nadu involving investments of more than Rs. 1200 crore by identifying on-lending opportunities and disbursing more than Rs. 750 crore to urban infrastructure projects.
2. Undertake project appraisal to identify risk factors, viability gaps and service requirements to urban poor and address them through innovative project structuring including provision of Capital Grants for addressing viability gaps.
3. Enhance private sector participation in the urban sector by mobilizing at least \$ 40 million from external sources.
4. Develop innovative projects including Public Private Partnerships and Build-Operate-Transfer mechanisms through judicious use of the Project Development Advisory Facility.
5. Work with GoTN and its agencies towards enhancing capacity of ULBs particularly in improving their financial systems and in enabling them to access financing from capital markets.
6. Continuously develop organization and capabilities in innovative project development, project financing and raising private capital.

3. MANAGEMENT :

TNUDF is managed by a Corporate Trustee viz., Tamil Nadu Urban Infrastructure Trustee Company Limited (TNUITCL). TNUITCL is managed by the Board of Directors nominated by the Government of Tamil Nadu and three FIs (ICICI, HDFC and IL & FS). The policies and procedures are prescribed by the Board of TNUITCL. TNUDF is operated by the Fund Manager viz., Tamil Nadu Urban Infrastructure Financial Services Limited. (TNUIFSL).

4. OBJECTIVES

The Objectives of TNUDF are as follows:

- ¹ to finance Urban Infrastructure projects, which improve the living standards of the urban population.
- ¹ to facilitate private sector participation in infrastructure through joint venture and public - private partnership.
- ¹ to operate a complementary window for execution of urban infrastructure projects, the Grant Fund, to assist in addressing the problems of the urban poor.
- ¹ to improve the financial management of urban local bodies enabling them to access debt finance from markets.

5. RESOURCES :

5.1 Unit Capital :

The unit capital is contributed by Government of Tamil Nadu and three Financial Institutions. The contributions made by the contributors towards the Unit Capital are Rs. 199.60 crores (Rs.142.92 Crores by GoTN, Rs.23.32 Crores by ICICI, Rs.16.64 Crores by IL & FS and Rs.16.72 Crores by HDFC).

5.2 Lines of Credit from Multinational Financial Institutions

5.2.1. IBRD Line of Credit

TNUDF has successfully implemented TNUDF II for the period from 1999-2004 under IBRD Line of credit. During the TNUDF-II project period TNUDF has mobilized additional funds from other sources such as issue of bond, user contribution etc., and blended this with IBRD line of credit. The outstanding loan balance under TNUDF - II as on 31.03.2008 is Rs.185 crores.

Based on the success of TNUDF-II, the World Bank sanctioned a line of credit for TNUDF-III with a total outlay of US \$ 434 million. The investment component by way of loan to sub-projects handled by TNUDF will be about Rs.478 crores (equivalent to US \$ 110 million) for the project period of 5 years. In addition to the above, TNUDF has to mobilize about Rs.174 crores (equivalent to US \$ 40 million) by way of institutional / market borrowings.

During the financial year 2007-2008, a sum of Rs.125.00 crores has been drawn from this line of credit. The outstanding loan balance under TNUDF - III as on 31.03.2008 is Rs.181.82 crores.

5.2.2 Tamil Nadu Urban Infrastructure Project (TNUIP) assisted by JBIC

TNUIP was launched with the assistance of Japan Bank for International Cooperation (JBIC). JBIC Missions at various stages carried out a detailed study about the financial and technical capacity of TNUDF to handle the proposed JBIC's line of credit and expressed satisfaction over the various procedures put in place in TNUDF, including the Environmental and Social Framework

and agreed to fund seven projects (6 Under Ground Sewerage Projects and 1 Water Supply Project) at a project cost of 9824 million JPY (about Rs.345 crores) under JBIC Rolling Plan for ODA loan for Financial Year 2007-10. The JBIC funding for the project is 8,551 million JPY (about Rs.300 crores). The loan agreement between JBIC and Government of India (GoI) has been executed on 10.3.2008 and the first tranche of loan has been disbursed by JBIC to GoI on 31.3.2008. The investment component by way of loan to sub-projects handled by TNUDF will be about 5,650 million JPY (about Rs.198 crores).

5.2.3. Sustainable Municipal Infrastructure financing in Tamil Nadu (SMIF- TN) assisted by KfW

SMIF- TN is assisted by Kreditanstalt für Wiederaufbau (KfW), a German government-owned development bank, based in Frankfurt. KfW has conducted pre feasibility study and feasibility study and based on the studies comments KfW have committed to provide financial assistance of EURO 77 million (Euro 65 million development loan for refinancing of sub-loans for infrastructure projects; Euro 10 million standard loan for Master Financing Indenture (MFI); and Euro 2 million complementary measures (grant) for strengthening the technical capabilities) under SMIF- TN program for funding urban infrastructure projects in the state of Tamil Nadu. The loan agreement will be executed and the funding will be expected to flow from the financial year 2008-09.

6. TAMIL NADU URBAN DEVELOPMENT PROJECT III:

This is a repeater project of TNUDP II and would be to consolidate the achievements of TNUDP II, thus continuing to improve urban infrastructure services in Tamil Nadu in a sustainable manner. The project was launched on 19th October 2005.

6.1 Objectives:

The objectives of the project are as follows:

- 1 To develop Tamil Nadu Urban Development Fund (TNUDF) as a financial intermediary to provide financing for infrastructure to ULB on a sustainable basis.
- 1 To strengthen urban reforms and consolidate the achievements under TNUDP-II in institutional strengthening and capacity building
- 1 To provide a grant to the Chennai Metropolitan Development Authority (CMDA) to take up traffic and transportation sub-projects like road widening, ROBs and RUBs in the CMDA area.

6.2 Components of the Project:

The Project consists of two components, an Institutional Development Component (IDC) and an Urban Investment Component (UIC). The IDC provides the Technical Assistance (TA) and training needed to build capacity to further the devolution process.

The following are the funding pattern :

(US \$ Million)				
S.No.	Component	Bank Finance	GoTN Finance	Total
1	Institutional Development Component	15.00	10.00	25.00
2	Urban Investment Component			
	- Loan to ULBs	110.00	50.00	160.00
	- Capital Grants to ULBs	46.50	48.00	94.50
	- Project Development Advisory	3.00	0.00	3.00
	- Grants to CMDA	124.00	26.00	150.00
	Sub total	283.50	124.00	407.50
3	Others : Front End Fee	1.50	0.00	1.50
	Total Project Cost	300.00	134.00	434.00

The Institutional Development Component is to be utilized for :

- 1 Capacity Building of Municipal staff through continued training programs enhancing demand responsive managerial and technical capabilities at the ULB level;
- 1 Information and communication technology, expanding e-governance and networking of municipal functions;
- 1 Establishment of a Debt Monitoring Cell (DMC) in the CMA for maintaining up to date information on ULB finances;
- 1 Technical Assistance to ULBs for project preparation and supervision (Project Preparation Facility); and
- 1 Project Management, including Incremental Operating Costs strengthening the municipal monitoring framework, performance benchmarking and increasing transparency and accountability;

The Urban Investment Component finances:

- 1 part of the ULBs urban infrastructure pipeline over the next five years through a line of credit and capital grants to the TNUDF; and
- 1 a grant for the development of urban roads and related components in the Greater Chennai Metropolitan Area through the Chennai Metropolitan Development Authority.

UIC consists of Capital Grant to ULBs and Loan to ULBs. The UIC will aim at developing sustainable urban investments such as water supply, waste water collection, solid waste management, storm water drains, roads and common facilities such as transportation networks,

and sanitation facilities, based on demand driven investment plans developed by ULBs. While investments will be spread over ULBs throughout the State, part of the component will also support grants for urban road infrastructure and traffic management programs in the Greater Chennai Metropolitan Area which includes surrounding the peri-urban areas. The investments would include road widening, bridges, traffic studies and traffic management, and road safety sub-components.

The UIC includes support to TNUDF through a line of credit and provision of grant funds for the Project Development Advisory Facility (PDAF) for preparing and/or supervising projects that involve innovative sub-project financial structuring and Capital Grant component to finance environmental and social mitigation actions and sub-projects serving the lowest income groups. However, in addition to the line of credit, project design would seek to expand TNUDF's financial role to include credit enhancement support through other instruments-such as debt service reserve funds, partial guarantees, first loss guarantees, bond insurance and subordinated debt instruments which would assist the overall objective of providing sustainable access to the capital markets and commercial financing to ULBs.

6.3 Utilization of funds :

As of 31st March 2008, the entire fund under the investment component has been committed for 108 sub-projects for which a sum of Rs. 1038.86 crores (loan assistance of Rs. 634.51 crores from TNUDF and capital grant assistance of Rs. 404.35 crores from Grant Fund- I) has been sanctioned and are under different stages of execution. A sum of Rs.230.84 crores (loan assistance of 143.98 crores and capital grant assistance of Rs 86.86 crores) has been released to these sub-projects based on the progress of the sub-projects.

7. PERFORMANCE

7.1 Project Approvals

The Fund during the financial year 2007-08 has approved 18 projects at a total project cost of Rs.571.87 crores. The sector wise sanctions for the same is as detailed below:

(Rs.in Crores)				
S.No.	Sector	No. of Projects	Project Cost	Loan Sanctioned
1	Sewerage & Sanitation	9	228.05	47.00
2	Water Supply	2	321.45	151.16
3	Roads	3	6.93	4.16
4	Bus Stations & Markets	4	15.44	7.24
	Total	18	571.87	209.56

7.2 Disbursements :

During the financial year 2007 - 2008, a sum of Rs. 70.74 crores has been disbursed as loan as detailed below :

Sector	(Rs. in crores)	
	Amount disbursed	
	2007 - 2008	2006 - 2007
Solid Waste Management	0.85	1.87
Sewerage & Sanitation	20.59	11.61
Water Supply	12.51	7.15
Roads	36.54	48.79
Bus Stations & Markets	0.25	-
Total	70.74	69.42

7.3 Portfolio of TNUDF's assistance

TNUDF has assisted number of urban infrastructure projects and the portfolio of cumulative sanctions up to the end of the financial year 2007-08 is furnished below:

S.No.	Sector	Rs. in Crores	In %
1	Solid Waste Management	34.52	2.23
2	Sewerage & Sanitation	610.36	39.50
3	Water Supply	367.96	23.82
4	Roads, Bridges, Storm Water Drains	486.90	31.51
5	Bus Stations & Markets	40.63	2.63
6	Others	4.81	0.31
	Total	1545.18	100



Krishnagiri Municipality Clear Water Ground Level Service Reservoir (GLSR)



Water Supply Scheme at Koundampalayam



Water Treatment Plant Krishnagiri Municipality



Water treatment plant Kurichi Municipality



Water Supply Improvement Scheme Bodinayakanur Municipality

8. ASSET CLASSIFICATION & PROVISIONING

It has been decided by the Board to adopt the provision for Standard Loans, Non-Performing Loans as at the end of the year is made with reference to the RBI guidelines on income Recognition, Asset Classification and Provisioning norms as applicable to All-India Financial Institutions in India. With respect to the loans covered by the GoTN guarantee, the decrease in provision is reflected in the accounts as other liabilities to GoTN in the Balance Sheet.

9. MONITORING AND RECOVERY

As for monitoring and recovery, efforts are made to assess the credit risk and concentration of credit. Wherever undue delay is noticed in repayment of dues, constant follow-up action is being pursued. Provision is made in loan agreement to escrow the collections of ULBs and / or to maintain a Debt Service Reserve Fund as the case may be. In respect of Government guaranteed loans, a recovery mechanism has been established whereby the arrears would be met out of the Grant Fund on a monthly basis. Periodical reviews of defaults on the arrears portfolio are also undertaken by TNUIFSL. The Fund has achieved the record 100% collection efficiency continuously for the past four financial years. As on 31.3.2008, there are no Non-performing assets.

10. TAX STATUS

In view of the legal opinion obtained from the retired Chief Justice of the Supreme Court, Justice Mr. P.N. Bhagwati, earlier, that the income of the trust fund arising to each contributor is chargeable to tax, if any, in the hands of the contributor and not in the hands of the Trust, no provision for taxation has been made in the accounts so far. But the Assessing Officer has not accepted the contention of TNUDF that the income of the Trust is taxable in the hands of Contributors. Accordingly the entire income of TNUDF earned during the relevant financial years has been brought to tax by invoking the charging sections. TNUDF has preferred appeals pending before the appellate authority.

11. AUDIT

The Accounts for the financial year 2007-08 have been audited by M/s. Phillipos, Sampath & Kumar, Chartered Accountants, Chennai.

TAMIL NADU URBAN DEVELOPMENT FUND

HIGHLIGHTS OF PERFORMANCE

(Rs.in Crores)

	31.3.08	31.3.07	31.3.06	31.3.05	31.3.04	31.3.03	31.3.02	31.3.01	31.3.00	31.3.99	31.3.98
Total Assets	673.13	531.40	492.85	477.60	554.23	794.03	688.93	657.52	425.33	367.19	322.31
Net worth	202.26	202.26	202.26	202.26	202.26	198.72	198.72	179.82	178.61	139.93	127.46
Total Income	47.28	35.99	28.68	28.44	42.18	79.06	81.82	57.91	44.73	44.52	39.02
Total Expenditure	28.94	20.66	20.19	21.09	23.17	54.05	48.46	33.87	23.32	22.21	37.37
Surplus before provision for contingency	18.34	15.33	8.49	7.35	19.02	25.01	33.36	24.04	21.41	22.31	1.65
Provision for Contingency	14.40	10.05	5.07	5.94	9.00	13.44	21.00	-	-	-	-
Surplus available for distribution	3.94	5.28	3.42	1.41	10.02	11.57	12.36	24.04	21.41	22.31	1.65
Average Return on Loan lending %	8.43	8.49	8.12	8.47	11.33	13.48	15.12	14.54	14.42	14.19	13.13
Yield on Investments %	10.01	8.81	6.49	5.76	5.75	7.20	9.00	9.41	12.00	13.73	17.89
Cost of funds %	7.62	7.52	7.52	7.99	8.23	10.80	12.77	12.91	12.79	12.56	12.24
Loan Sanctions (Net)	209.56	201.94	381.25	147.61	145.24	17.73	1.33	36.30	314.29	15.80	60.28
Loan Disbursements	70.74	69.42	26.71	102.50	51.13	2.53	19.71	219.29	56.12	20.11	21.69
Recoveries (Principal + Interest)	30.62	22.14	20.82	15.30	22.90	74.45	69.25	41.94	39.52	32.60	27.49
Collection Efficiency %	100.00	100.00	100.00	100.00	98.80	99.81	99.75	100.00	99.00	83.75	81.14

PHILLIPOS, SAMPATH & KUMAR

CHARTERED ACCOUNTANTS
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Phone No: 42171952
Fax No: 42171952

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AUDITORS' REPORT

TO THE TRUSTEE OF TAMIL NADU URBAN DEVELOPMENT FUND

- 1) We have audited the attached Balance Sheet of Tamil Nadu Urban Development Fund (the Trust) as at 31 March 2008, the Income and Expenditure Account and the Cash Flow Statement of the Trust for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) Attention is invited to Paragraphs 7 and 8 of Schedule L to the Accounts regarding Provision for Income-tax and provision for Contingencies for the reason stated therein.
- 4) Further to our comments in paragraph 3 above, we report as follows:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) the Balance Sheet, the Income and Expenditure Account and the cash flow statement dealt with by this Report are in agreement with the books of account of the Trust;
 - c) in our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Trust as at 31 March 2008;
 - ii. in the case of the Income and Expenditure Account, of the surplus of the Trust for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Trust for the year ended on that date.

For Phillipos, Sampath & Kumar
Chartered Accountants

Sd/-
N. KUMARAVELU

Partner
Membership No. 020324

Place : Chennai.
Date : 27/06/2008

TAMIL NADU URBAN DEVELOPMENT FUND

BALANCE SHEET AS AT 31 MARCH 2008

	Schedules	As at 31/03/2008 (In Rs.)	As at 31/03/2007 (In Rs.)
SOURCES OF FUNDS			
1 Initial Contribution by Settlor		5,000	5,000
2 Unit Capital	A	199,59,69,211	199,59,69,211
3 Reserves & Surplus	B	2,66,40,789	2,66,40,789
4 Loans Received	C	366,82,00,000	241,82,00,000
TOTAL		569,08,15,000	444,08,15,000
APPLICATION OF FUNDS			
5 Loans Disbursed	D	324,67,67,127	262,61,90,765
6 Investments	E	22,52,89,644	22,62,70,576
7 Current Assets, Loans & Advances			
a) Current Assets	F	243,99,87,900	147,46,71,497
b) Other Loans & Advances	G	81,92,58,511	98,73,54,421
		325,92,46,411	246,20,25,918
Less :			
8 Current Liabilities & Provisions			
a) Current Liabilities	H	21,20,34,492	17,58,57,684
b) Provisions	I	82,84,53,690	69,78,14,575
		104,04,88,182	87,36,72,259
9 Net Current Assets		221,87,58,229	158,83,53,659
10 Notes to Accounts	L		
TOTAL		569,08,15,000	444,08,15,000

The above referred Schedules form an integral part of the Accounts

In terms of our report of even date attached

For Phillipos, Sampath & Kumar

Chartered Accountants

Sd/-

N. Kumaravelu

Partner

Membership No.020324

Chennai

27/06/2008

Sd/-

Vikram Kapur

Directors of Tamil Nadu Urban
Infrastructure Financial Services Limited
(The Fund Manager)

Chennai

27/06/2008

Sd/-

L. Krishnan

Sd/-

K. Bharathan

Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited
(The Trustee)

Chennai

27/06/2008

Sd/-

K. Deenabandu

TAMIL NADU URBAN DEVELOPMENT FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Schedules	For the Year 2007 - 2008 (in Rs.)	For the Year 2006 - 2007 (in Rs.)
INCOME			
1 Interest on Loans Disbursed (See Note 4)		24,37,13,333	17,84,42,560
2 Interest on Deposits & Savings Bank Account		21,58,60,770	16,81,34,373
3 Income from Investments (Tax deducted at source Rs.2,99,45,875/-; Previous year Rs.2,40,25,057/-)		1,32,35,141	1,33,33,655
TOTAL		47,28,09,244	35,99,10,588
EXPENDITURE			
4 Interest on Borrowings	J	24,27,75,032	17,07,45,973
5 Management & other Operating Expenses	K	4,49,96,354	3,42,40,445
6 Net provision relating to other Loans (See Note 5)		16,30,576	16,53,595
7 Provision for Contingencies		14,40,23,592	10,05,02,408
TOTAL		43,34,25,554	30,71,42,421
8 Surplus Before Tax		3,93,83,690	5,27,68,167
9 Provision for Tax (See Note 7)		0	0
10 Net Surplus After Tax		3,93,83,690	5,27,68,167
11 Proposed Income Distribution		3,93,83,690	5,27,68,167
12 Balance Carried to Balance Sheet		0	0
13 Notes to Accounts	L		

The above referred Schedules form an integral part of the Accounts
In terms of our report of even date attached

For Phillipos, Sampath & Kumar
Chartered Accountants

Sd/-
N. Kumaravelu
Partner
Membership No.020324
Chennai
27/06/2008

Sd/- Sd/-
Vikram Kapur L. Krishnan
Directors of Tamil Nadu Urban
Infrastructure Financial Services Limited
(The Fund Manager)
Chennai
27/06/2008

Sd/- Sd/-
K. Bharathan K. Deenabandu
Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited
(The Trustee)
Chennai
27/06/2008

TAMIL NADU URBAN DEVELOPMENT FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

		For the Year 2007 - 2008 (In Rs.)	For the Year 2006 - 2007 (In Rs.)
A.	Capital Receipt	0	0
B.	Cash Flow From Operating Activities		
	Surplus before Tax	3,93,83,690	5,27,68,167
	Operating Surplus before Working Capital Changes	3,93,83,690	5,27,68,167
	Adjustments for changes in :		
	Current Assets	(2,94,95,825)	(2,39,62,723)
	Loans and Advances	25,00,00,000	16,47,13,494
	Current Liabilities & Provisions	12,74,32,233	7,58,90,021
	Cash Generated from Operations	38,73,20,098	26,94,08,959
	Add :Tax Paid / Tax Deducted at source	(8,19,04,090)	(4,90,25,058)
	Net Cash from / (Used in) Operating Activities	30,54,16,008	22,03,83,901
C.	Cash Flow From Lending and Investment Activities		
	Loans Disbursed (Net)	(62,05,76,362)	(62,98,58,984)
	Investment (Net)	9,80,932	8,70,972
	Net Cash used in Investing Activities	(61,95,95,430)	(62,89,88,012)
D.	Cash Flow from Financing Activities (Decrease)		
	Unit Capital	0	0
	Borrowings (Net)	125,00,00,000	25,73,00,000
	Net Cash from Financing Activities	125,00,00,000	25,73,00,000
	Net (Decrease)/Increase in Cash and Cash Equivalents (A + B + C + D)	93,58,20,578	(15,13,04,111)
	Cash and Cash Equivalents at the beginning of the Accounting Period	139,63,82,397	154,76,86,508
	Cash and Cash Equivalent at the End of the Accounting Period	233,22,02,975	139,63,82,397
		93,58,20,578	(15,13,04,111)

The above referred Schedules form an integral part of the Accounts
In terms of our report of even date attached

For Phillipos, Sampath & Kumar
Chartered Accountants

Sd/-
N. Kumaravelu
Partner
Membership No.020324
Chennai
27/06/2008

Sd/- Sd/- Sd/-
Vikram Kapur L. Krishnan
Directors of Tamil Nadu Urban
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(The Fund Manager)
Chennai
27/06/2008

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Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited
(The Trustee)
Chennai
27/06/2008

TAMIL NADU URBAN DEVELOPMENT FUND

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

	As at 31/03/2008 (In Rs.)	As at 31/03/2007 (In Rs.)
SCHEDULE A		
Unit Capital		
(Note: 19,959.69211 units) (1 Unit = Rs.1,00,000)		
1 Contribution from GoTN	142,91,24,994	142,91,24,994
2 Contribution from FIs		
ICICI Bank Ltd	23,32,36,491	
HDFC Ltd	16,71,61,299	
IL & FS Limited	16,64,46,427	56,68,44,217
Total	199,59,69,211	199,59,69,211
SCHEDULE B		
Reserves and Surplus		
1 Capital Reserve (See Note 2)	2,66,40,789	2,66,40,789
(No additions during the year)		
2 Balance in Income & Expenditure A/c	0	0
Total	2,66,40,789	2,66,40,789
SCHEDULE C		
Loans Received		
1 Loans under IBRD line of credit (See Note 3)		
Loans under TNUDP - II	185,00,00,000	185,00,00,000
Loans under TNUDP-III	181,82,00,000	56,82,00,000
Total	366,82,00,000	241,82,00,000

TAMIL NADU URBAN DEVELOPMENT FUND

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

	As at 31/03/2008 (In Rs.)	As at 31/03/2007 (In Rs.)
SCHEDULE D		
Loans Disbursed		
Loan Disbursed (See Note 5)		
- Loans covered by GoTN guarantee	9,93,77,133	12,94,75,756
- Other Loans	315,55,27,255	250,32,96,941
	325,49,04,388	263,27,72,697
Less: Provision for		
- Loans covered by GoTN guarantee	2,48,443	3,23,690
- Other Loans	78,88,818	62,58,242
	81,37,261	65,81,932
Total	324,67,67,127	262,61,90,765
SCHEDULE E		
Investments (See Note 6)		
Long Term Investments		
- Bonds	22,52,89,644	22,62,70,576
Total	22,52,89,644	22,62,70,576
SCHEDULE F		
Current Assets		
1 Balances with Schedule Banks in savings bank account	38,92,215	41,96,772
2 Balances with Schedule Banks in deposit accounts	232,83,10,760	139,21,85,625
3 Interest accrued on deposits and investments	3,34,69,667	2,32,17,162
4 Interest accrued on loans disbursed	7,43,15,258	5,50,71,938
Total	243,99,87,900	147,46,71,497
SCHEDULE G		
Loans and Advances		
1 Term Deposits with Companies & Financial Institutions	0	25,00,00,000
2 Income Tax Paid under protest/ Tax Deducted at source	81,92,58,511	73,73,54,421
Total	81,92,58,511	98,73,54,421

TAMIL NADU URBAN DEVELOPMENT FUND

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

	As at 31/03/2008 (In Rs.)	As at 31/03/2007 (In Rs.)
SCHEDULE H		
Current Liabilities		
1 Expenses payable	1,69,370	4,96,972
2 Amount received in advance from borrowers	3,52,75,375	1,47,85,571
3 Other liabilities to GoTN (See Note 5)	11,48,54,374	11,47,79,127
4 Other liabilities	9,20,640	9,39,475
5 Interest accrued but not due on borrowings	6,08,14,733	4,48,56,539
Total	21,20,34,492	17,58,57,684
SCHEDULE I		
Provisions		
1 Provision for tax (See Note 7)	0	0
2 Provision for Contingencies (See Note 8)	78,90,70,000	64,50,46,408
3 Proposed income distribution	3,93,83,690	5,27,68,167
Total	82,84,53,690	69,78,14,575
	For the Year Ended 31/03/2008 (In Rs.)	For the Year Ended 31/03/2007 (In Rs.)
SCHEDULE J		
Interest on Borrowings		
1 Interest on loans borrowed	24,19,57,541	16,94,97,941
2 Interest on loan against deposit	8,17,491	12,48,032
Total	24,27,75,032	17,07,45,973
SCHEDULE K		
Management & Other Operating Expenses		
1 Management Fees (See Note 9)	3,20,63,507	2,95,78,715
2 Front End Fees on loans borrowed	1,25,00,000	31,82,000
3 Auditors' Remuneration		
- Audit	1,15,000	1,15,000
- Tax Audit	15,000	15,000
- Service Tax	16,068	15,912
4 Legal Expenses	1,47,500	0
5 Administrative & Other Expenses	1,39,279	13,33,818
Total	4,49,96,354	3,42,40,445

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE L

Notes to Accounts

1. Basis of Accounting

The Accounts are prepared on accrual basis and under the historical cost convention.

2. Capital Reserve

Tamil Nadu Urban Development Fund (TNUDF) was established as a Trust under the Indian Trusts Act, 1882, by a Deed of Trust dated 29 November 1996. Accordingly, the first Income and Expenditure Account was prepared for the period 29 November 1996 to 31 March 1997. However, in terms of the Contribution Agreement dated 18 November 1996 between Tamil Nadu Urban Infrastructure Trustee Company Limited (the Trustee), Tamil Nadu Urban Infrastructure Financial Services Limited (the Fund Manager), the Contributors and the Government of Tamil Nadu, and in terms of the Order dated 13 February 1997 and the Order dated 13 July 1999 of the Housing and Urban Development Department of the Government of Tamil Nadu, assets and liabilities of the Tamil Nadu Municipal Urban Development Fund (MUDF) have been transferred to the Trust as at 30 September 1996. Accordingly, the net income of the Tamil Nadu Urban Development Fund for the period 1 October 1996 to 28 November 1996 amounting to Rs.2,64,94,910/- has been treated as a capital receipt of the TNUDF and shown as a Capital Reserve in the Balance Sheet as at 31 March 1997. An amount of Rs.1,45,879/- has been added to the Capital Reserve due to adjustments pertaining to the period prior to 29 November 1996 made during 1997-98 to the accounts arising from a correction in the interest rate of one of the loans availed from the Government of Tamil Nadu resulting in the total Capital Reserve becoming Rs.2,66,40,789/-.

3. Loans under IBRD line of credit

- (i) Borrowing cost has been determined as per Accounting Standard 16
- (ii) Loans borrowed under IBRD line of credit are Unsecured in nature.
- (iii) Balance confirmation has not been obtained with respect to the loans / interest payable as at 31 March 2008.
- (iv) The terms and conditions of the loans taken and outstanding as at 31 March 2008 under IBRD line of credit are given below :

Particulars	TNUDF III	TNUDF II
Loan Amount (Rs. in crores)	181.82	362.50
Tenure (in Years)	20	20
Principal Moratorium (in years)	5	5
Amount Repaid/Prepaid (Rs. in crores)	-	177.50
Balance as at 31 March 2008 (Rs. in crores)	181.82	185.00

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE L (Contd.)

Notes to Accounts (Contd.)

4. Income Recognition on Loans Disbursed

- (i) Interest on loans disbursed is determined with reference to the amortisation schedule applicable to each loan and on the basis of the moratorium period applicable to principal and interest for each loan.
- (ii) The Trust has reduced and reset its interest rates on loans disbursed to Urban Local Bodies (ULBs) to 8.75% for all eligible borrowers as determined by the Boards of the Trustee and the Fund Manager, prospectively from the month following the month of clearance of the dues. Accordingly, the Annuity has been reworked based on the reduced rate of interest for all such eligible loans.

5. Provision for Non-Performing Loans, related Interest and Penal Interest Outstanding

- (i) Provision for all Standard Loans, Non-Performing Loans and Interest and Penal Interest outstanding with respect to Non-Performing Loans as at the end of the year is made with reference to the following RBI guidelines on Income Recognition, Asset Classification and Provisioning norms as applicable to All-India Financial Institutions in India as at the end of each financial period :

Asset Classification	Provisioning		
	Principal	Interest	Penal Interest
a) If interest and / or installment of principal is outstanding for less than or equal to 90 days it is termed as a "Standard Asset"	0.25%	Nil	Nil
b) If interest and / or installment of principal is outstanding for more than 90 days and less than or equal to 365 days it is termed as a "Sub-standard Asset"	10%	100%	100%
c) If interest and / or installment of principal is outstanding for more than 365 days it is termed as a "Doubtful Asset"	100%	100%	100%

Note:

In case of borrowers who have been granted more than one facility, all the facilities to a borrower are recognized as Non-Performing Loans only if 50 percent of its total interest and/ or principal dues from all credit facilities extended to it remain overdue for more than one quarter.

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE L (Contd.)

Notes to Accounts (Contd.)

(ii) Loans Covered by GOTN Guarantee

- (a) In terms of the Contribution Agreement dated 18 November 1996 (referred to in Note 2 above), the assets transferred by the GOTN as at 30 September 1996 have been transferred after considering provision for doubtful loans, doubtful interest and doubtful penal interest aggregating to Rs.15,26,22,666/-. Subsequently, outstanding penal interest amounting to Rs. 3,84,14,156/- transferred by the erstwhile MUDF to the Trust as at 30 September 1996 was written off during the year 1999-2000 against the provision created for the same at the time of such transfer. In addition a sum of Rs.8,71,838/- has been received during August 1998 on account of interest earned on MUDF fund kept in RBI PD account and Rs.22,469/- on other account. After considering the provision for standard assets of Rs.2,48,443/- the balance amount of Rs.11,48,54,374/- is shown as current liabilities under the head " other liabilities to GoTN".
- (b) GOTN vide GO.Ms.No.588 of Finance (Letter of Credit) Department dated 9 October 1998 read with amendment dated 24 November 1998 has guaranteed the repayment of loans aggregating to Rs.16,483.32 Lakhs representing loans sanctioned/disbursed by the erstwhile MUDF as at 30 September 1996 (inclusive of interest and penal interest up to that date) together with future interest and penal interest, if any. The balance loan outstanding as on 31.3.2008 is Rs.993.77 lakhs. Consequent to the above, whilst all loans covered by the GOTN guarantee are treated as performing assets for provisioning requirements vis-à-vis the principal component, they are treated on par with other loans as far as income recognition is concerned.
- (c) However, in accordance with the understanding between the contributors, the Net Increase/Decrease in provision for the principal and income components with respect to the loans covered by GOTN guarantee, if such loans were to be treated on par with other loans in all respects, is adjusted in the accounts against the other liabilities to GoTN and is not debited/credited to the Income and Expenditure Account. Further, income for the current year pertaining to Non-Performing Loans covered by GoTN guarantee, if any, is recognised in the Income and Expenditure Account as amount receivable from GoTN by debiting the other liabilities to GoTN.

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE L (Contd.)

Notes to Accounts (Contd.)

- (iii) Other Loans Not Covered by GOTN Guarantee
 - (a) Other Loans not covered by the GOTN guarantee are unsecured.
 - (b) The net provision for Non-Performing Loans and Interest and Penal Interest relating to such loans amounting to Rs.16,30,576/- (Previous year Rs.16,53,595/-) has been debited to the Income and Expenditure Account for the period ended 31 March 2008

6. Investments

- (i) Valuation of Investments: Investments are valued as per the Accounting Standard - 13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India.
- (ii) Income from investments includes Rs.1,13,31,226/- (Previous year Rs.1,13,13,043/-) towards interest from Tax Free bonds.

7. Provision for Tax

The Trust has been legally advised that the income of the Trust Fund arising to each Contributor is chargeable to tax, if any, in the hands of the Contributor and not in the hands of the Trust. The Contributors to the Trust comprise GOTN, ICICI Bank Limited, Infrastructure Leasing & Financial Services Limited and Housing Development Finance Corporation Limited. Accordingly, no provision for taxation has been made in the accounts of the Trust.

8. Contingent Liability - Claims Against the Trust Not Acknowledged as Debts

Disregarding the stand of the Trust that it is not assessable to tax, the Trust has been assessed to tax for the Assessment Years 1997-98 to 2007-08 and demands have been raised by the Income Tax authorities. The Trust has gone on appeal before the appellate authorities against the orders passed by the Assessing Officer for all the above years. The ITAT has passed orders for AY 1997-98 to AY 2005-06 stating that the appeals are allowed for statistical purposes as the case has been remanded back to the assessing officer for fresh consideration. Considering the above, a sum of Rs.78,90,70,000/- has been provided towards contingencies as of 31 March 2008.

TAMIL NADU URBAN DEVELOPMENT FUND
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE L (Contd.)

Notes to Accounts (Contd.)

9 Management Fees and Trusteeship Fees

(i) Management Fees

Management Fees payable to Fund Manager, Tamil Nadu Urban Infrastructure Financial Services Limited, is determined on the following basis:

Appraisal Fees	- 1% on the loan amounts sanctioned/disbursed, as applicable.
Supervisory and Recovery Fee	- 0.25% on the average of the gross loan balance outstanding at the beginning and the end of the accounting period.
Treasury Management Fee	- 0.01% on the average of the investments outstanding at the beginning and the end of the accounting period.

(ii) Trusteeship Fees

Trusteeship Fees has not been claimed by the Trustee Company, Tamil Nadu Urban Infrastructure Trustee Company Limited for the current year.

10. General

- (i) There are no impairment of assets as per Accounting Standard - 28.
- (ii) Expenditure in foreign currency is - Nil
- (iii) Previous year's figures have been regrouped, wherever necessary

Signatures to Schedules A to L.

Sd/- Sd/-
Vikram Kapur L. Krishnan
Directors of Tamil Nadu Urban
Infrastructure Financial Services Limited
(The Fund Manager)
Chennai
27/06/2008

Sd/- Sd/-
K. Bharathan K. Deenabandu
Directors of Tamil Nadu Urban
Infrastructure Trustee Company Limited
(The Trustee)
Chennai
27/06/2008

WATER AND SANITATION POOLED FUND

ACTIVITY REPORT ON WATER AND SANITATION POOLED FUND

1. Background

Urban Infrastructure, especially water and sanitation investments require long term debt on account of externalities over time and space, severe fiscal constraints on the supply of equity from State and local Governments for new investments and substantial low income population constraining the ability to pay for high financing costs. Municipalities also require short-term working capital in view of the lags between revenue and expenditure flows. Consequently, the need to link city infrastructure financing requirements with domestic capital markets is well understood. Debt finance is a pre-requisite for undertaking essential civic investments, and in the long run, domestic savings through capital markets would have to be, predominant source of supply.

In India, the sources of municipal debt have been limited usually to State Governments or financial institutions on the basis of guarantees issued by the State. However, since the 1990's, larger cities such as Ahmedabad, Bangalore and State level financial intermediaries such as TNUDF have raised debt for municipal infrastructure by accessing capital markets based on credit ratings through issuing debt instruments of varying tenure on a non-guarantee mode. These have tended to be debt for capital investments. The need for an institutionalised mechanism to raise low cost funds for water and sanitation needs is clear-cut in the lines of US Bond Bank as a potential model.

2. Pooled Fund Concept and Market Access

A pooled entity has been created by GoTN in the name of Water and Sanitation Pooled Fund (WSPF) and registered as Trust under the Indian Trust Act 1882. This trust would identify viable projects and fund them from concept to commissioning on a sustainable basis. The fund would make the Urban Local Bodies (ULB) a part of the active debt markets so as to avail the best interest rates available in the market.

As a pioneering effort for market access, certain ULBs and a few of their projects have been selected to be financed / refinanced by the proceeds of WSPF bond issue. The projects have been selected after careful consideration of their financial viability and commitment towards development.

3. Management of WSPF

WSPF is managed by the Trust Manager, Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL). Besides the Trust Manager, the Board of Trustees of the fund comprises the officials of Government of Tamilnadu and TNUIFSL as detailed below:

Chief Secretary	Chairman
Secretary to the Govt., Finance Department	Member
Secretary to the Govt., Planning & Development Department	Member
Secretary to the Govt., Housing & Urban Development Department	Member
Secretary to the Govt., Municipal Admin. & Water Supply Department	Member
Managing Director and Chief Executive Officer, TNUIFSL	Member - Secretary

4. Objectives of WSPF

The main purpose of the Fund is to channel increased financial resources including private financing, into high priority infrastructure investment, contributing directly to improved living standards of urban population. The objectives of the Trust are:

- (i) Provide financial assistance for setting up urban infrastructure projects;
- (ii) Mobilize resources from the capital markets under pooled finance structure;
- (iii) Facilitate the participation of private sector in the water and waste water sectors through direct investment and through joint delivery mechanism of Public Private partnerships;
- (iv) Enable ULBs to access debt finance from markets; and
- (v) Act as nodal agency on behalf of the Central and /or the State Governments for water, sanitation and / or any other infrastructure project.

5. Resource Mobilization :

i. Bond issue:

The GoTN recognising the need for widening the market for urban infrastructure financing especially at the municipal level have taken several policy measures. Accordingly, unsecured non-convertible redeemable bonds under pooled financing framework have been floated for Rs.30.41 crores in the financial year 2002-03. This first bond issue saved a sizable amount in the debt servicing of the ULBs, thereby freeing up the resources of ULBs for further augmentation. USAID has extended guarantee to the extent of 50% of the principal for this bond issue. The WSPF achieves the three fold purposes of funding infrastructure viz., institutionalized mechanism, affordable cost of funding and a non-guarantee mode of raising resources for urban infrastructure. Thirteen ULBs participated in this consortium. This pooled financing structure is the first of its kind in India. The balance outstanding as on 31st March 2008 was Rs. 20.27 crores.

ii. NRCP

The GoTN nominated the WSPF as the nodal agency for the implementation of the Under Ground Sewerage Projects under the National River Conservation Project (NRCP) in the financial year 2002-03. The WSPF pools fund from various sources to meet the project expenditure. Under NRCP, a sum of Rs. 89.77 crores was mobilized and disbursed upto 31st March 2008.

iii. PFDF Scheme

The Government have designated the WSPF as the State Pooled Finance Entity under Pooled Finance Development Fund (PFDF) Scheme of Government of India. As approved by Government of Tamil Nadu and Government of India, unsecured non-convertible redeemable bonds has been floated for Rs.45 crores (subscribed to the extend of Rs.6.70 crores) by issue of tax free bonds under PFDF scheme to fund water and sanitation projects of seven ULBs. M/s. Fitch Ratings India Private Limited has completed the rating of the proposed bond issue and assigned in-principle rating of AA (ind) (SO) which denotes a stable investment grade.

6. Action Plan

The fact that urban infrastructure investments require long-term finance is well understood. Especially well known is the fact that unless the domestic debt market has sufficient depth, the scope for large volume trades in Municipal Debt instruments is limited. Quite apart from these macro considerations, at a more micro level, capital markets even with sufficient depth could not directly on account of economies of scale, service sector specific small municipal projects. Hence, the needs for intermediation like WSPF.

WSPF would ideally need to position itself as a strategic intermediary and participate in market development from a municipal standpoint. To this end WSPF proposes to issue bonds to finance municipal water and sanitation requirements.

7. Acknowledgement

The Board of Trustees wish to place on record their appreciation of the assistance and co-operation extended to the Trust by Government of India, Government of Tamil Nadu, Commissioner of Municipal Administration, USAID, Subscribers to the Bond Issue, Banks, Credit Rating Agencies, Urban Local Bodies and Statutory Auditors.

**Member Secretary
WSPF**

N. RAJA & ASSOCIATES
CHARTERED ACCOUNTANTS

Flat No. 18, 4th Floor, Veekay Manor,
No.8 (Old No.28) Gopalakrishna Road,
T. Nagar, Chennai – 600 017.
Phone : 28150485, 28155414 Fax: 28153458
Email : nrajaca@hotmail.com

**AUDITORS' REPORT
TO THE TRUSTEES OF WATER AND SANITATION POOLED FUND**

We have audited the attached Balance Sheet of Water and Sanitation Pooled Fund as at 31st March'2008 and the Income and Expenditure Account of Water and Sanitation Pooled Fund for the Year ended on that date, annexed thereto. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
- b) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the Books of Account of Trust.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. in the case of the Balance Sheet, of the state of affairs of the Trust as at 31st March, 2008 and
 - II. in the case of the Income and Expenditure Account, the surplus for the year ended on that date, subject to the adjustment of Rs.3,77,177/- to GoTN Account being the loss of interest, as detailed in Note No.3.1 of Notes to Accounts, enclosed.

For **N.Raja & Associates**
Chartered Accountants

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 15/06/2008

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

BALANCE SHEET AS AT 31st MARCH 2008

	Sche dules		As at 31.03.2008 (in Rs.)		As at 31.03.2007 (in Rs.)
SOURCES OF FUNDS					
1. Initial Contribution by settler			10,000		10,000
2. Government Grant Account	A		26,58,93,402		14,74,55,220
3. Loans Borrowed	B		20,27,33,332		22,30,06,666
4. Excess of Income over Expenditure			10,59,509		
Total			46,96,96,243		37,04,71,886
APPLICATION OF FUNDS					
5. Loans Disbursed	C		18,88,56,833		21,17,34,468
6. Current Assets, Loans & Advances	D	35,32,85,745		16,46,36,653	
Less:					
7. Current Liabilities and provisions	E	7,24,46,335		58,99,235	
8. Net current Assets			28,08,39,410		15,87,37,418
Total			46,96,96,243		37,04,71,886

The Schedules form an integral part of the Accounts

For Water and Sanitation Pooled Fund

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
K. Phanindra Reddy, IAS
Trustee &
Member Secretary

Sd/-
K. Deenabandu, IAS
Secretary (MA & WS)
Trustee, WSPF

Sd/-
N.Raja
Partner

Place : Chennai

Date : 24.09.2008

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31/03/2008

	For the Year 2007 - 2008 (In Rs.)	For the Year 2006 - 2007 (In Rs.)
INCOME		
Interest on Loans Disbursed	2,00,37,364	2,18,65,647
Project Development Grant	83,30,269	-
Interest income	10,59,509	-
Total	2,94,27,142	2,18,65,647
EXPENDITURE		
Interest on Borrowings	2,00,37,364	2,18,65,647
Issue & Operational Expenses	83,30,269	-
Total	2,83,67,633	2,18,65,647
Excess of Income Over Expenditure for the year	10,59,509	-
Excess of Income over Expenditure brought forward from the previous year	-	-
Excess of Income over Expenditure carried forward to Balance Sheet	10,59,509	-

The Schedules form an integral part of the Accounts

For Water and Sanitation Pooled Fund

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
K. Phanindra Reddy, IAS
Trustee &
Member Secretary

Sd/-
K. Deenabandu, IAS
Secretary (MA & WS)
Trustee, WSPF

Sd/-
N.Raja
Partner

Place : Chennai

Date : 24.09.2008

WATER AND SANITATION POOLED FUND
(Trust fully owned by Government of Tamil Nadu)

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31.03.2008

Receipts	For the Year 2007 - 2008 (in Rs.)	For the Year 2006 - 2007 (in Rs.)
Opening balance		
-Cash	0	0
-Balance in Savings Bank Account	10,571	10,439
Investment in Bank Deposit Account -BSF A/c	6,90,00,000	7,60,00,000
Investment in Bank Deposit Account - GoTN Grant A/c	8,15,92,000	5,07,20,000
Principal loan instalments received from the ULBs	3,18,64,106	2,86,75,136
Interest loan instalments received from the ULBs	1,94,27,678	1,70,96,029
Loan from Tamil Nadu Urban Development Fund	0	1,64,00,000
Grant received from Grant Fund I	8,95,328	13,26,465
Grant received from Government of Tamil Nadu	0	97,96,948
Interest on GoTN Grant A/c Deposits	1,37,45,628	1,09,60,436
CREF Grant received from Government of India	4,50,00,000	0
CREF Grant received from Government of Tamil Nadu	5,30,00,000	0
Project Development Grant received from Government of India	1,16,00,000	0
Project Development Grant received from Government of Tamil Nadu	38,00,000	0
Bond Application money received	6,70,00,000	0
Total	39,69,35,311	21,09,85,453
Payments		
Payment of Principal to bond holders	2,02,73,334	2,02,73,334
Payment of Interest to bond holders	2,05,16,614	2,23,81,760
Expenses paid out of Grant from Grant Fund I	8,96,679	13,27,788
NRCP Grant paid to ULBs	0	1,64,00,000
PFDF Bond issue expenses	81,02,805	0
Invested in CREF deposit	9,80,00,000	0
Investment in Bank Deposit Account -BSF A/c	6,90,00,000	6,90,00,000
Investment in Bank Deposit Account - GoTN Grant A/c	10,54,97,000	8,15,92,000
Investment in Bank Deposit Account - PD Grant A/c	72,00,000	
Closing balance		
-Cash	0	0
-Balance in Savings Bank Account	4,48,879	10,571
-Balance in Current Account (Bond application money)	6,70,00,000	0
Total	39,69,35,311	21,09,85,453

WATER AND SANITATION POOLED FUND
(Trust fully owned by Government of Tamil Nadu)
RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31.03.2008

Receipts and Payments (contd)

Note: Tax - free pooled finance development bonds under PFDF scheme of Government of India were mobilised. The issue was opened for subscription for the period from 27.02.08 to 07.04.08 and bond application money received upto 31.03.2008 has been kept under bond application money. The bonds were allotted to the bond holders on 09.04.08. Hence, the sum of Rs.6.70 crores was kept in the bank current account as on 31.03.08. Hence, Form 10 under Income Tax Act, 1961 be filed.

The Schedules form an integral part of the Accounts

For Water and Sanitation Pooled Fund

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
K. Phanindra Reddy, IAS
Trustee &
Member Secretary

Sd/-
K. Deenabandu, IAS
Secretary (MA & WS)
Trustee, WSPF

Sd/-
N.Raja
Partner

Place : Chennai

Date : 24.09.2008

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2008

Particulars	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
SCHEDULE - A: GOVERNMENT OF TAMILNADU GRANT ACCOUNT		
Government of Tamilnadu Grant Account	16,08,23,671	14,74,55,220
CREF Grant	9,80,00,000	0
Project Development Grant	70,69,731	0
Total	26,58,93,402	14,74,55,220
SCHEDULE - B : LOANS BORROWED		
Non-Convertible Redeemable Bonds	20,27,33,332	22,30,06,666
Total	20,27,33,332	22,30,06,666
SCHEDULE - C : LOANS DISBURSED		
Alandur Municipality	3,65,38,000	4,01,91,800
Ambattur Municipality	44,88,000	49,36,800
Anakaputtur Townpanchayat	0	13,48,600
Madhavaram Municipality	70,50,000	77,55,000
Madhuravayal Townpanchayat	1,17,37,335	1,29,11,068
Corporation of Madurai	4,05,82,000	4,46,40,200
Meenambakkam Townpanchayat	0	49,132
Pammal Townpanchayat	1,33,44,000	1,46,78,400
Porur Townpanchayat	1,85,40,000	2,03,94,000
Rajapalayam Municipality	34,00,000	37,40,000
Tambaram Municipality	72,80,000	80,08,000
Ullagaram Townpanchayat	1,33,08,000	1,59,69,600
Valasarawakkam Townpanchayat	3,25,89,498	3,71,11,868
Total	18,88,56,833	21,17,34,468

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2008

Particulars	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
SCHEDULE - D :		
CURRENT ASSETS & LOANS AND ADVANCES		
1. Balances with Scheduled Banks		
-in Savings Bank Account	4,48,879	10,571
-in Deposit Account		
-in Deposit Account (BSF)	6,90,00,000	6,90,00,000
-in Deposit Account (CREF)	9,80,00,000	0
-in Deposit Account (PD Grant)	72,00,000	0
-in Deposit Account (GoTN Grant)	10,54,97,000	8,15,92,000
-in Current Account (Bond Application Money)	6,70,00,000	0
Total (A)	34,71,45,879	15,06,02,571
Loans and Advances :		
Interest Accrued on Loans Disbursed	46,52,582	58,40,799
Interest Accrued on Bank Deposits	8,19,551	0
Amount receivable from ULB's	4,04,180	79,69,925
Tax Deducted at source	2,39,958	0
Other Advances	23,595	2,23,358
Total (B)	61,39,866	1,40,34,082
Total (A+B)	35,32,85,745	16,46,36,653
SCHEDULE - E :		
CURRENT LIABILITIES		
Interest Accrued but not due on Bonds	51,97,950	56,77,200
Expenses Payable	2,10,461	25,940
Other Liabilities	0	1,95,875
TDS Payable	37,924	220
Bond Application Money Received	6,70,00,000	0
Total	7,24,46,335	58,99,235

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2008

Notes to Accounts

SCHEDULE - F :

1. Formation:

The Government of Tamilnadu (GoTN) vide G.O.(Ms).No. 113, Municipal Administration and Water Supply (MA II) Department, dated 19.08.2002 has ordered the setting up of Water Sanitation Pooled Fund (WSPF) under the Indian Trust Act, 1882. Accordingly the WSPF was established as a Trust under the Indian Trust Act, 1882, by a Deed of Trust dated 20.08.2002. The Settler is the GoTN and being the only Contributor to the WSPF, the Trust is fully owned by the GoTN. This Trust has been set up as an entity not for private profit but for playing an important role for common good and to serve the public and the Trust was expected to function as a mutual enterprise between the investors and Urban Local Bodies (ULBs) under the pooled financing framework. Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) is the manager of the Trust.

As the WSPF is a Government trust, the required funds to meet the expenses relating to the setting up, registration, operation etc., have been provided from the Government fund. Accordingly, the initial contribution of Rs. 10,000/- towards constitution of the Fund has been provided by GoTN, from the Grant Fund, fully owned by Government of Tamil Nadu.

2. Basis of Accounting

The Accounts are prepared on accrual basis and under the historical cost convention. The GoTN vide G.O.Ms.No. 174, Municipal Administration and Water Supply Department, dated 29.11.2002 has permitted to incur the expenses relating to WSPF and get reimbursement from the Grant Fund-I. Accordingly, all expenses (excluding interest on borrowings) of WSPF were met out from the Grant Fund-I.

3. Government Grant Account

3.1. GoTN Grant Account

The objective of the WSPF is to mobilize funds and pass them on to ULB's for creation of infrastructure facilities, without any profit motive. Hence the Government ordered that all grants and amounts received from the GoTN, all grants and amounts disbursed as ordered by the GoTN and interest received on deposits / investments made from the fund shall be accounted under the head GoTN Grant Account in the books of WSPF and accounted accordingly. The loan provided to ULBs out of the proceeds of bond issue has been rescheduled based on the amount spent on the project. The difference in interest (interest loss) amounting to Rs.3,77,177/-has been adjusted against GoTN Grant A/c.

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2008

Notes to Accounts (Contd)...

3.2. Credit Rating Enhancement Fund (CREF Grant)

A sum of Rs.9.80 crores (Rs.5.30 crores from GoTN and Rs.4.50 crores from Gol) has been received as grant towards Credit Rating Enhancement Fund for the proposed Tax free bond issue of Rs.45 crores under the Pooled Finance Development Scheme of Government of India. The same has been accounted under the head Government Grant Account.

3.3. Project Development Grant

A sum of Rs.1.54 crores (Rs.0.38 crores from GoTN and Rs.1.16 crores from Gol) has been received as grant for meeting the Project Development Expenses for the entire tenure of the bond period, of which a sum of Rs.83,30,269/- has been incurred during the current financial year 2007-08 and hence the balance grant of Rs.70,69,731/- has been accounted under the head Government Grant Account.

4. WSPF Bonds

4.1 Mobilization of 9.20% Non-Convertible Redeemable Bonds

As per G.O. (Ms) No.114, Municipal Administration and Water Supply (MA.2) Department, dated 19.08.2002, the participating ULBs can access the WSPF's market funds under the pooled financing framework. Accordingly, WSPF has mobilized a sum of Rs.30.41 crores during 2002 by pooling the requirement of 13 ULBs. The Government vide G.O Ms. No.115, Municipal Administration and Water Supply Department, dated 19.08.2002 sanctioned a sum of Rs.6.90 crores as Bond Service Fund to facilitate mobilization of resources in the form of Bonds in the form of Non-Convertible Redeemable Bonds. The amount has been accounted under the head GoTN Grant Account. The Bonds were subscribed through private placement are fully paid-up. The terms and conditions of the same are as under:

Bond Issue Size	: Rs.30.41 Crores
Face Value	: Rs.1 Lakh each
Coupon rate	: 9.20 % p.a interest payable annually
Tenor	: 15 Years
Redemption	: 15 equal annual installments
Balance of Bond amount as on 31.03.2008	: Rs.20.27 crores

As per the requirements of rating agencies for the Bond issue, the Bond Service Fund to the tune of Rs.6.90 crores sanctioned by GoTN has been shown separately as Deposits under Current Assets.

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2008

Notes to Accounts (Contd)...

4.2 Mobilization of 7.25% Tax Free Non-Convertible Redeemable Bonds under PFDF Scheme

The Government of Tamil Nadu vide G.O. Ms. No. 23, MA & WS (MAII) Department, dated 12.02.07 designated WSPF as the State Pooled Finance Entity (SPFE) under the Pooled Finance Development Fund (PFDF) Scheme and authorized it to operate according to the guidelines issued by the Central Government. A Sanctioning and Monitoring committee was formed with officials representing Government of India (GoI) and Government of Tamil Nadu (GoTN). Based on the approval of the Committee, the GoI and GoTN have approved the mobilization of Rs. 45 crores by way of issue of Tax Free Pooled Finance Development Bonds by pooling the requirements of 7 ULBs. The Central Board of Direct Taxes (CBDT) has accorded tax free status for the issue vide notification No.6 / 2008 / F.No. 149 / 213 / 2007 - TPL, dated 14.01.2008.

The tax free bond issue was open for subscription for the period from 27.02.2008 to 07.04.2008 and the terms of the bond issue :

Tax Status	Tax Free (interest on bond is exempted under section 10 (15) (vii) of the Income Tax Act, 1961)
Security	Unsecured
Face Value	Rs.10 lakhs each
Coupon rate	7.25% Payable annually
Tenure	10 Years
Redemption	Equal redemption from 6th to 10th year (20% every year).
Principal Moratorium	5 years from the Deemed Date of Allotment

WATER AND SANITATION POOLED FUND

(Trust fully owned by Government of Tamil Nadu)

Schedules forming part of the Accounts for the year ended 31st March 2008

Notes to Accounts (Contd)...

The details of grants received and its utilization under PFDF Scheme during the financial year 2007-08 are furnished below:

Particulars	(Amount Rs.)	(Amount Rs.)
Receipts		
CREF Grant received		
- from Government of India	4,50,00,000	
- from Government of Tamil Nadu	5,30,00,000	9,80,00,000
Project Development Grant Received		
- from Government of India	1,16,00,000	
- from Government of Tamil Nadu	38,00,000	1,54,00,000
Total		11,34,00,000
Payments		
Expenditure on Project development		81,02,805
Balance		10,52,97,195
Invested in CREF deposit		9,80,00,000
Invested in term deposit		72,00,000
Balance in Savings Bank Account		97,195
Total		10,52,97,195

A sum of Rs.6.70 crores has been received as bond application money up to the end of the financial year 2007-08 and pending allotment of bond, the same has been accounted under Bank Balance and Current Liabilities.

5. Registration under section 12AA of the Income Tax Act 1961.

Water and Sanitation Pooled Fund has applied for registration as Public Charitable Trust under section 12AA of the Income Tax Act, 1961 with Director of Income Tax (Exemptions), Chennai - 600 034 on 27.03.2008.

6. Previous year's figures have been regrouped, wherever necessary.

The Schedules form an integral part of the Accounts

For Water and Sanitation Pooled Fund

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
K. Phanindra Reddy, IAS
Trustee &
Member Secretary

Sd/-
K.Deenabandu, IAS
Secretary (MA & WS)
Trustee, WSPF

Sd/-
N.Raja
Partner

Place : Chennai

Date : 24.09.2008

GRANT FUND - I

Report on the activities and Annual Accounts of Grant Fund I for the FY 2007-2008

1. INTRODUCTION :

The Grant Fund was created as a component of restructured Tamil Nadu Urban Development Project under IDA credit in March 1997 so as to enable the Urban Local Bodies (ULBs) to get financial assistance for the urban infrastructure schemes implementing by them. The fund is to be managed by the Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) and operated on the basis of guidelines stipulated by the Government of Tamil Nadu (GoTN). The GoTN entered into a management agreement on 28th February 1997 with TNUIFSL to manage the funds as per the guidelines prescribed by the Government, from time to time. Subsequently the Grant Fund is operated as component of TNUDP-II during the project period of 1999-2004.

During the year 2005, the GoTN has proposed to implement the Third Tamil Nadu Urban Development Project (TNUDP-III) to the tune of US \$ 434 million over a period of five years with the IBRD line of credit of US \$ 300 million. The project was launched on 19th October 2005. The project consists of two main components, the Institutional Development and the Urban Investment Component. Under the Urban Investment Component, capital grants to ULBs will be US \$ 94.50 million, of which IBRD line of credit will be US \$ 46.50 million.

Accordingly, the GoTN in its order G.O. Ms. No.77, Municipal Administration & Water Supply Department, dated 03.06.2005 has accorded sanction for the capital grant component to the ULBs an amount approximately Rs.209 crores (equivalent to US \$ 46.50 million) under the TNUDP-III for Grant Fund-I (GF- I). The interest from investments and any other income earned or accruing to GF - I shall form part of its corpus and shall be applied for the purposes for which the fund is created. The balance available in existing Grant Fund shall be merged with GF-I. A set of guidelines and procedures for sanction of grant, out of the GF-I are also prescribed by GoTN.

2. OBJECTIVES:

The GF-I will be used to assist ULBs towards,

- i. Financing projects which directly benefit urban low income populations such as water supply, storm water drain, street lighting, sanitation and sewerage systems, etc., financed under TNUDP III.
- ii. To provide project Viability Gap funding of sub-projects financed under TNUDP-III.
- iii. Meeting the cost of resettlement and rehabilitation related to sub-projects to be financed by the TNUDP-III.

3. OPERATIONS AND PROCEDURES:

The GF-I will be operated by TNUIFSL based on the GF-I guidelines, Grant Fund Management Agreement between GoTN and TNUIFSL and the procedures prescribed by GoTN, from time to time.

4. FUND SIZE, SOURCES AND ALLOCATION

- i. The IBRD line of credit will finance approximately Rs.209 crores (equivalent US\$46.5 million) on a reimbursement basis. In addition to this, the GoTN will contribute an amount equivalent to US \$ 48 million.
- ii. The existing balances available in the Grant Fund established TNUDP II shall be merged with the GF I under the TNUDP III.
- iii. GoTN will also transfer to GF-I a part of the return on GoTN's contribution in the Tamil Nadu Urban Development Fund.

5. ELIGIBILITY CRITERIA

The quantum of capital grant shall not exceed 30% of the cost of the sub-project being financed under the Tamil Nadu Urban Development Project subject to a maximum of Rs.10 crores per project (or) the grant towards viability gap funding shall not exceed Rs.10 crores per project. Grant Fund will also be used to assist the ULBs to put in place the institutional mechanism for tariff administration in the first three years.

The sanction of grant is subject to the following:

- i. For bus stand, commercial projects and other revenue earning schemes financial assistance under the GF-I will be subject to the following conditions:
 - a. The financial resource of the ULBs and financial assistance given by Government should be in the ratio of 3:1.
 - b. 80% of property tax should have been collected in the past three years prior to the project investment year.
 - c. The ULB should have repaid all loan dues for two years prior to the project investment year.
- ii. For basic services such as water supply, sewerage & sanitation, roads, streetlights, solid waste management grant assistance will be available if more than 20% of project beneficiaries are people living below the poverty line.

6. APPLICATION AND APPROVAL

The ULBs prepare a grant proposal that meet the objects stipulated in the grant guidelines. The grant proposal should contain the details of the projects and such other details as prescribed in the guidelines and procedures. TNUIFSL, will, on receipt of the proposal from ULBs, satisfy itself that the purpose of grant meets the objectives of the GF-I and the following:

- i. The project uses the most appropriate process and cost effective technology and technical specifications;
- ii. The project is adequately funded;
- iii. The total quantum of capital grant shall not exceed 30% of the cost of the sub-project being financed under the Tamil Nadu Urban Development Project subject to a maximum of Rs.10 crores per project or the grant towards viability gap funding shall not exceed Rs.10 crores.

Grant Fund - I

- iv The sponsor demonstrates the financial and institutional capacity to operate and maintain the facilities constructed; and
- v The project meets the requirements stipulated in the Environment and Social Framework.

For this appraisal, TNUIFSL can call for information from ULBs and Commissionerate of Municipal Administration, conduct site inspections, etc. Based on the appraisal, the Chief Executive Officer of TNUIFSL will approve the project and the Capital Grant.

7. PROCUREMENT

The sub-projects to be financed by the GF-I shall follow IBRD procurement guidelines.

8. PERFORMANCE

During the financial year 2007-08, a sum of Rs.149.63 crores (Rs. 124.63 under TNUDP III and Rs. 25 crores under JBIC line of credit) was sanctioned as grant to various projects like, solid waste management, sanitation & sewerage, roads and water supply as detailed below.

SI.No.	Scheme	No. of projects	Amount sanctioned (Rs in crores)
1.	Sanitation & Sewerage	9	96.23
2.	Water Supply	1	25.00
3.	Roads	3	2.08
4.	Bus Stands	1	1.32
	Total	14	124.63

In addition to the above, a sum of Rs.25 crores has been sanctioned as grant for the implementation of water supply project in Trichy Corporation under JBIC line of credit.

The details of Grant sanctioned and disbursed under TNUDP-III for the period up to 31.03.2008 from GF I is furnished below:

SI.No.	Scheme	No. of projects	Grant sanctioned	Grant disbursed
1.	Solid Waste Management	31	8.01	5.56
2.	Sanitation & Sewerage	35	324.49	56.60
3.	Water Supply	18	56.68	19.10
4.	Roads	6	4.47	2.60
5.	Bus Stand	1	1.32	-
6.	Others (River improvement)	1	9.37	3.00
	Total	92	404.34	86.86

The balance capital grant will be released to the ULBs based on the progress of project.

9. DISBURSEMENTS

A sum of Rs.98.88 crores was available in the Bank Accounts of GF-I as on 01.04.2007. During the Financial year 2007-08, a sum of Rs.50.00 crores was released by GoTN under TNUDP-III as Grant to GF-I. A sum of Rs.7.40 crores being the excess of income over expenditure for the financial year 2007-08 has been transferred to Grant Fund. A sum of Rs.52.90 crores has been disbursed based on the progress of works. The balance of grant fund in the Bank Accounts as on 31.03.2008 is Rs.99.20 crores.

10. ACCOUNTS AND AUDIT

The Annual Accounts for the financial year 2007-08 have been audited by M/s.N.Raja & Associates, Chartered Accountants, Chennai.

N. RAJA & ASSOCIATES
CHARTERED ACCOUNTANTS

Flat No. 18, 4th Floor, Veekay Manor,
No.8 (Old No.28) Gopalakrishna Road,
T. Nagar, Chennai – 600 017.
Phone : 28150485, 28155414 Fax: 28153458
Email : nrajaca@hotmail.com

AUDITORS' REPORT

TO THE FUND MANAGER OF GRANT FUND - I

We have audited the attached Balance Sheet of the Grant Fund-I as at 31st March 2008 and the Income and Expenditure Account of the Grant Fund for the Year ended on that date, annexed thereto. These financial statements are the responsibility of the Grant Fund-I's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) The Balance Sheet and Income and Expenditure Account dealt with by this Report are in agreement with the books of account of the Grant Fund - I.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. in the case of the Balance sheet, of the state of affairs of the Grant Fund - I as at 31 March, 2008 and
 - II. in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended on that date.

For **N.Raja & Associates**
Chartered Accountants

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17/06/2008

GRANT FUND - I
BALANCE SHEET AS AT 31 MARCH 2008

	Sche- dules		As at 31.03.2008 (in Rs.)		As at 31.03.2007 (in Rs.)
SOURCES OF FUNDS					
Grant Fund Account	1		107,25,41,644		102,75,31,780
Total			107,25,41,644		102,75,31,780
Application of Funds					
Current Assets and Loans and Advances	2	107,26,61,928		102,78,60,934	
Less : Current Liabilities and Provisions	3	1,20,284		3,29,154	
Net Current Assets			107,25,41,644		102,75,31,780
Total			107,25,41,644		102,75,31,780
Notes to Accounts	5				

The Schedules form an integral part of the Accounts

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director

Sd/-
Managing Director &
Chief Executive Officer

**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-I)**

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - I

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	For the Year 2007 - 2008 (In Rs.)	For the Year 2006 - 2007 (In Rs.)
INCOME		
Interest on Savings Bank Account	75,171	67,182
Interest on Deposits Account	8,05,18,577	5,44,88,069
Total	8,05,93,748	5,45,55,251
EXPENDITURE		
Management Fee	59,44,319	18,05,319
Other Expenses (Schedule 4)	5,97,400	10,97,645
Total	65,41,719	29,02,964
Excess of Income over Expenditure transferred to Grant Fund in Balance Sheet	7,40,52,029	5,16,52,287
Notes to Accounts (Schedule 5)		

The Schedules form an integral part of the Accounts

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director
**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-I)**

Sd/-
Managing Director &
Chief Executive Officer

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - I

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 1		
Grant Fund Account		
Opening Balance	102,75,31,780	62,20,28,556
Add : Grant received from GoTN	50,00,00,000	50,00,00,000
Plough Back of TNUDF's Surplus from GoTN	--	1,46,95,423
Excess of Income over Expenditure Carried from Income & Expenditure Account	7,40,52,029	5,16,52,287
	160,15,83,809	118,83,76,266
Less: Disbursements	52,90,42,165	16,08,44,486
Total	107,25,41,644	102,75,31,780
SCHEDULE - 2		
Current Assets and Loans and Advances		
Current Assets		
Balance in Savings Bank Account	5,01,536	10,62,006
Balance in Deposit Accounts	99,15,00,000	98,78,00,001
Interest Accrued on Deposits	2,46,33,182	3,04,17,369
	101,66,34,718	101,92,79,376
Loans and Advances		
TDS on Interest on Deposits	11,62,001	11,62,001
Other Receivables	5,48,65,209	74,19,557
	5,60,27,210	85,81,558
Total	107,26,61,928	102,78,60,934
SCHEDULE - 3		
Current Liabilities and Provisions		
Expenses Payable	23,596	2,34,448
TDS payable	--	11,501
Other Liabilities	83,205	83,205
Audit Fees payable	13,483	
Total	1,20,284	3,29,154
SCHEDULE - 4		
Other Expenses		
Other Expenses		
Audit Fees	13,497	13,469
Professional Fees	--	2,806
Other Expenses	5,83,903	10,81,370
Total	5,97,400	10,97,645

GRANT FUND - I
SCHEDULES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31 MARCH 2008

SCHEDULE - 5

Notes to Accounts

1. Accounting Policies

- (a) Basis of Accounting: The Accounts are prepared on accrual basis and under historical cost convention.
- (b) Interest on Deposit in PD Account with Reserve Bank of India is recognised on receipt of G.O. for credit of Interest.

2. Loans & Advances:

- (a) Receivables include a sum of Rs.18,65,209/- to be replenished by GoTN on account of dues paid on behalf of ULBs to TNUDF on account of loans guaranteed by GoTN vide G.O. (Ms.) No.142, MA & WS (MA-II) Dept. dated 16.10.2000.
- (b) An amount of Rs.9,80,00,000/- has been transferred to Water and Sanitation Pooled Fund (WSPF) towards Credit Rating Enhancement Fund (CREF) for the proposed tax free bond vide Government letter No.5783/MA-II/2008-1 dated 19.2.2008. Of the above, an amount of Rs.4,50,00,000/- has been received from WSPF and the balance amount of Rs.5,30,00,000/- has to be received from WSPF, which is included under other receivables.

3. Previous year figures have been regrouped wherever necessary.

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director
**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-I)**

Sd/-
Managing Director &
Chief Executive Officer

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - I
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008
SOURCES AND APPLICATION OF FUNDS

SOURCES	For the year		APPLICATIONS	For the year	
	2007-2008 Rs.	2006-2007 Rs.		2007-2008 Rs.	2006-2007 Rs.
A. Opening Balance	98,88,62,007	58,43,50,901	A. Disbursements	52,90,42,165	16,08,44,486
B. Income	8,05,93,748	5,45,55,251	B. Increase/(Decrease) in Current Assets	4,16,61,465	9,55,387
C. Plough Back of TNUDF's profits received from GoTN	--	1,46,95,423	C.(Increase)/ Decrease in Current Liabilities	2,08,870	36,731
D. Grant received from GoTN	50,00,00,000	50,00,00,000	D. Management Fee and Other Expenses	65,41,719	29,02,964
			E. Closing Balance	99,20,01,536	98,88,62,007
	156,94,55,755	115,36,01,575		156,94,55,755	115,36,01,575

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director
**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-I)**

Sd/-
Managing Director &
Chief Executive Officer

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - II

Report on the activities and Annual Accounts of Grant Fund II for the FY 2007-2008

1. INTRODUCTION

The Grant Fund-II was created as a component of IBRD line of credit in the year 1999 for providing Technical Assistance to Urban Local Bodies and Statutory Boards, both for preparation of detailed engineering for projects and for hiring consultants for design, management and supervision of projects. The fund is to be managed by the Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) and operated on the basis of guidelines stipulated by the Government of Tamil Nadu (GoTN). The GoTN entered into a management agreement on 24th April 1999 with TNUIFSL to manage the funds as per the guidelines prescribed by the Government from time to time. Subsequently the Grant Fund-II is operated as a component of TNUDP-II during the project period of 1999-2004.

During the year 2005, the GoTN has proposed to implement the Third Tamil Nadu Urban Development Project (TNUDP-III) to the tune of US \$ 434 million over a period of five years with the IBRD line of credit of US \$ 300 million. The project was launched on 19th October 2005. The project consists of two main components, the Institutional Development and the Urban Investment Component. Under the Urban Investment Component, project preparation grants will be US \$ 3.00 million to assist the preparation and / or supervision of complex, innovative projects and studies.

Accordingly, the GoTN in its order G.O. Ms. No.78, Municipal Administration & Water Supply Department, dated 03.06.2005 has accorded sanction for the project preparation grant for an amount approximately Rs.13.50 crores (equivalent to US \$ 3.00 million) under the TNUDP-III into Grant Fund-II (GF- II). The funds available in GF-II can be utilized for commitments already entered into during the TNUDP-II, the future commitments under TNUDP-III and such other commitments as Government shall order or specify from time to time. The interest from investments and any other income earned or accruing to GF - II shall form part of its corpus and shall be applied for the purposes for which the fund is created.

2. OBJECTIVES

The Grant Fund - II will be used to assist urban local bodies / statutory bodies in / towards preparation and / or supervision of more complex and innovative projects such as PPPs and BOTs, for such project and technologies which can reduce the cost of services, or for a variety of purposes based on TNUIFSL's assessment of global innovations, and the need from urban local bodies, in support of sector sustainability.

3. OPERATIONS AND PROCEDURES:

The Grant Fund II will be operated by TNUIFSL based on the Grant Fund II guidelines, Grant Fund Management Agreement between GoTN and TNUIFSL and the procedures prescribed by GoTN, from time to time.

4. FUND SIZE, SOURCES AND ALLOCATION

- i. IBRD will finance approximately Rs.13.50 crores (equivalent US\$ 3 million) on a reimbursement basis.
- ii. The existing balances available in the Grant Fund established under TNUDP II shall be merged with the GF II under the TNUDP III. The interest from investments and any other income earned or accruing to GF - II shall form part of its corpus.

5. ELIGIBILITY CRITERIA

Eligible projects include the preparation and supervision costs of all projects satisfying the objectives as stated above in urban infrastructure sector / urban local bodies other than design and or supervision of routine projects. The limit for Grant allocation shall be as follows:

- ¹ Not more than 10 % of the fund will be allocated to any single project.
- ¹ Not more than 30 % of the fund shall be utilized for proposals / studies initiated by the TNUIFSL, for preparation of eligible projects

6. APPLICATION & APPROVAL

The application for grants should contain the details of the projects such as name of the project, rough cost estimate of project, if available / applicable, background and need for technical assistance, objectives, scope of services required for the technical assistance, data and any other support to be provided by the project sponsors and institutional capacity to implement the system. The application for grant from the ULBs / statutory boards should be supported by a council resolution / board resolution, as the case may be. The proposals will be placed before a Committee consisting of Commissioner of Municipal Administration, Director of Town Panchayats and Chief Executive Officer of TNUIFSL for approval of the grant provision for the required technical assistance. The Chief Executive Officer of TNUIFSL will be the Member Secretary of the Committee.

7. PROCUREMENT:

The appointment of consultants for the proposed technical assistance shall be made based on the IBRD procurement guidelines.

8. PERFORMANCE DURING 2007-08

The following consultancy assignments have been completed during the financial year 2007-08:

- i. Conversion of city corporate plan into business plan for 7 towns (Tiruppur, Dindigul, Udagamandalam, Chengalpattu, Kancheepuram, Coonoor, and Mettupalayam).
- ii. Preparation of city corporate plan cum business plan for 5 towns (Alandur, Pallavaram, Tambaram, Sivaganga and Ramanathapuram).

- iii. Preparation of Detailed Project Report (DPR) for underground sewerage schemes in 12 towns (Kathivakkam, Rasipuram, Chinnamanur, Udumalpet, Gobichettipalayam, Komarapalayam, Sathyamangalam, Sankarankoil, Tenkasi, Mettur, Paramakudi and Maduravoyal).
- iv. Preparation of Urban Strategy for Tamil Nadu.
- v. Preparation of DPR for Integrated Infrastructure Development for Madurai.
- vi. Review of DPR for Solid Waste Management for Chennai Corporation.
- vii. Preparation of DPR for Mettur Water Supply.
- viii. Preparation of DPR for Sanitary landfill in Coimbatore Corporation.
- ix. Ecological Restoration Plan for Adyar Poonga.
- x. Study on developing a model set up for common service centre (e-seva centers) in Tamil Nadu.

The following are the on-going consultancies:

- i. Conversion of city corporate plan into business plan for 8 towns (Avadi, Vellore, Villupuram, Tiruvannamalai, Salem, Erode, Udumalpet and Pollachi).
- ii. Preparation of city corporate plan and business plan for 18 towns (Chidambaram, Nagapattinam, Tiruvarur, Pudukottai, Karur, Pattukottai, Dharmapuri, Krishnagiri, Hosur, Mettur, Tuticorin, Virudhunagar, Theni, Palani, Ambattur, Kathivakkam, Tiruvallur and Tiruvottiyur).
- iii. Preparation of DPR for underground sewerage schemes for Sivakasi and Mannargudi.
- iv. Preparation of Environmental Assessment Report for combined water supply schemes.
- v. Rapid updation of transport projects in Tamil Nadu.
- vi. Preparation of DPR for beautification of Tuticorin Buckle Canal.
- vii. Household Survey to develop a data base on the status of Water and Sewer connections in Alandur Municipality.
- viii. Identification of waste lands for establishing regional solid waste processing and disposal facilities in Tamil Nadu using remote sensing and GIS tools.

The following consultancy assignments have taken up during the current financial year 2007-08 and are in progress:

- i. Study on the transportation networks, which could provide better traffic circulation to the towns and their connectivity to the neighboring areas of Alandur, Pallavaram and Tambaram Municipalities.
- ii. Study of Privatization of Municipal Solid Waste Management activities in Ambattur Municipality.
- iii. Preparation of Detailed Project Report for Rail Over Bridges / Rail Under Bridges for improving 5 major junctions (Mint, Basin Bridge, Ganeshpuram, Anderson Bridge and Luz) in Chennai city.
- iv. Preparation of bid process management for providing foot over bridges, bus shelters and construction and maintenance of public conveniences on DBOT basis on identified locations in the Chennai city.

- v. Review and updation of DPR for compost plant for Chennai Corporation.
- vi. Development of designs for beautification of Merina Beach.
- vii. Pre-feasibility study on the proposed road alignment along water courses of Chennai as an effective alternative to divert and disburse the traffic so that the internal roads are retrieved of congestion.
- viii. Bid Process Management for privatization of Municipal Solid Waste Management activities such as Primary and Secondary collection, Transportation to dumping yard, processing and scientific disposal of wastes etc., for Alandur Municipality.
- ix. Study on improvements to existing infrastructure for Metropolitan Transport Corporation.
- x. Preparation of feasibility study for developing the central prison land into a recreational/ commercial space.
- xi. Preparation of city corporate plan and business plan for 54 Grade III municipalities in 5 groups
- xii. Preparation of city corporate plan and business plan for 10 town panchayats in 2 groups.
- xiii. Carrying out Integrated Solid Waste Management study for 3 clusters of towns covering Madurai, Trichy and Tirunelveli Corporations.

Out of 129 cases of ongoing consultancies during the financial year 2007-08 (consultancy fee of about Rs.22.37 crores), 43 consultancies (consultancy fee of Rs. 3.99 crores) have been converted as projects, implying a performance of 33% in number and 18% in value. Projects worth Rs1153.11 crores have been fructified.

9. DISBURSEMENT

A sum of Rs.2.91 crores was available in the Bank Accounts of Grant Fund II Account as on 01.04.2007. A sum of Rs.0.33 crores being the excess of income over expenditure for the financial year 2007-08 has been transferred to Grant Fund. The disbursement made during the FY 2007-08 is Rs.5.87 crores. The balance of fund in the Bank Accounts of Grant Fund II as on 31.03.2008 is Rs.0.77 crores.

10. ACCOUNTS AND AUDIT

The Annual Accounts for the financial year 2007-08 have been audited by M/s.N.Raja & Associates, Chartered Accountants, Chennai.

AUDITORS' REPORT
TO THE FUND MANAGER OF GRANT FUND - II

We have audited the attached Balance Sheet of the Grant Fund-II as at 31st March 2008 and the Income and Expenditure Account of the Grant Fund for the Year ended on that date, annexed thereto. These financial statements are the responsibility of the Grant Fund-II's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) The Balance Sheet and Income and Expenditure Account dealt with by this Report are in agreement with the books of account of the Grant Fund - II.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. in the case of the Balance sheet, of the state of affairs of the Grant Fund - II as at 31 March, 2008 and
 - II. in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended on that date.

For **N.Raja & Associates**
Chartered Accountants

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17/06/2008

GRANT FUND - II
BALANCE SHEET AS AT 31 MARCH 2008

	Sche- dules		As at 31.03.2008 (in Rs.)		As at 31.03.2007 (in Rs.)
SOURCES OF FUNDS					
Grant Fund Account	1		73,75,338		2,93,94,522
Total			73,75,338		2,93,94,522
APPLICATION OF FUNDS					
Current Assets and Loans and Advances	2	76,96,787		2,97,54,733	
Less : Current Liabilities and Provisions	3	3,21,449		3,60,211	
Net Current Assets			73,75,338		2,93,94,522
Total			73,75,338		2,93,94,522
Notes to Accounts	5				

The Schedules form an integral part of the Accounts

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director

Sd/-
Managing Director &
Chief Executive Officer

Sd/-
N.Raja,
Partner

**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-II)**

Place : Chennai
Date : 17.06.2008

GRANT FUND - II

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	For the Year 2007 - 2008 (In Rs.)	For the Year 2006 - 2007 (In Rs.)
INCOME		
Interest on Savings Bank Account	14,544	21,656
Interest on Deposits Account	38,13,354	26,75,045
Registration Fees	1,30,000	--
TOTAL	39,57,898	26,96,701
EXPENDITURE		
Management Fee	6,53,712	1,82,297
Other Expenses (Schedule - 4)	13,497	16,275
TOTAL	6,67,209	1,98,572
Excess of Income over Expenditure transferred to Grant Fund in Balance Sheet	32,90,689	24,98,129
Notes to Accounts (Schedule 5)		

The Schedules form an integral part of the Accounts

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director

Sd/-
Managing Director &
Chief Executive Officer

**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-II)**

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - II

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 1		
Grant Fund Account		
Opening Balance	2,93,94,522	4,31,37,954
Add: Grant received from GoTN	3,00,00,000	--
Add: Project Development Grant under PFDF Scheme	34,13,754	--
Add: Excess of Income over Expenditure Carried from Income & Expenditure Account	32,90,689	24,98,129
	6,60,98,965	4,56,36,083
Less: Disbursements	5,87,23,627	1,62,41,561
TOTAL	73,75,338	2,93,94,522
SCHEDULE - 2		
Current Assets and Loans and Advances		
Current Assets		
Balance in Savings Bank Account	6,90,204	3,86,911
Balance in Deposit Accounts	70,00,000	2,87,00,002
Interest Accrued on Deposits	2,589	6,53,827
	76,92,793	2,97,40,740
Loans and Advances		
TDS on Interest on Deposits	3,993	3,993
Other Advance	--	10,000
	3,993	13,993
TOTAL	76,96,786	2,97,54,733
SCHEDULE - 3		
Current Liabilities		
Expenses Payable	13,483	50,069
TDS Payable	--	2,176
Other Liabilities	3,07,966	3,07,966
TOTAL	3,21,449	3,60,211
SCHEDULE - 4		
Other Expenses		
Audit Fee	13,497	13,469
Professional Fees	--	2,806
TOTAL	13,497	16,275

GRANT FUND - II

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE 5

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

The Accounts are prepared on accrual basis and under historical cost convention

2. Previous year figures have been regrouped wherever necessary.

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director

Sd/-
Managing Director &
Chief Executive Officer

**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-II)**

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - II

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008 SOURCES AND APPLICATION OF FUNDS

SOURCES	For the year		APPLICATIONS	For the year	
	2007-2008	2006-2007		2007-2008	2006-2007
	Rs.	Rs.		Rs.	Rs.
A. Opening Balance	2,90,86,913	4,21,39,146	A. Disbursements	5,87,23,627	1,62,41,561
B. Interest Income	39,57,898	26,96,701	B. Increase/(Decrease) in Current Assets	(6,61,238)	(6,49,056)
C. Grant received from GoTN	3,00,00,000	-	C. (Increase)/Decrease in Current Liabilities	38,763	(42,143)
D. PFDF Grant	34,13,754	-	D. Management fee and Other Expenses	6,67,209	1,98,572
			E. Closing Balance	76,90,204	2,90,86,913
	6,64,58,565	4,48,35,847		6,64,58,565	4,48,35,847

GRANT FUND - III

Report on the activities and Annual Accounts of Grant Fund - III for the Financial Year 2007-2008

1. INTRODUCTION:

The Government of Tamil Nadu (GoTN) has proposed to implement the Third Tamil Nadu Urban Development Project (TNUDP-III) to the tune of US \$ 434 million over a period of five years with the IBRD line of credit of US \$ 300 million. The project was launched on 19th October 2005. The project consists of two main components, the Institutional Development and the Urban Investment Component. Under the Urban Investment Component, the allocation for the traffic and transportation measures is US \$ 150 million, of this amount the GoTN's share will be about US \$ 27 million and the IBRD's line of credit will be about US \$ 123 million.

Increasing population and vehicular traffic has exposed serious supply side constraints of transport infrastructure in the Chennai Metropolitan Area. Recognizing the need to address the shortcoming in this sector, the Government of Tamil Nadu decided to set up, with the financial assistance of IBRD under the TNUDP - III a fund called Grant Fund-III (GF-III) amounting about Rs.651 crores (equivalent to US \$ 150 million). This will finance the costs incurred for up-gradation of roads, bridges, traffic management measures etc., to be implemented under the supervision of Chennai Metropolitan Development Authority (CMDA).

Accordingly, the GoTN in its order G.O. Ms. No.67, Housing and Urban Development Department, dated 27.02.2006 has accorded sanction for setting up GF-III under TNUDP - III for an amount equivalent to US \$ 150 million which shall be managed by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) and approved the guidelines to operate the fund for successful implementation of TNUDP - III. As stipulated by the Government, a Management Agreement has been entered in to by GoTN on 30th June 2006 with TNUIFSL to manage the funds.

2. OBJECTIVES:

The GF-III will be used to assist projects executed by the Department of Highways and Rural Works and Traffic Police under the supervision of CMDA, with respect to up-gradation of roads, distribution of grade separators, traffic management measures etc. The amount of grant to be provided from GF-III shall be to meet

- i. The cost of the Project Management Unit (PMU) of the CMDA;
- ii. Consultancies to cover all possible consultancies;
- iii. Implementation of the projects including supervision costs; and
- iv. Management fee charged by TNUIFSL for managing GF-III.

3. OPERATIONS AND PROCEDURES:

The Grant Fund-III (GF-III) will be operated by TNUIFSL based on the GF-III guidelines and Grant Fund Management Agreement between GoTN and TNUIFSL and as per the procedures prescribed by GoTN, from time to time.

4. FUND SIZE, SOURCES AND ALLOCATION

- i. The IBRD line of credit will finance approximately Rs.534 crores (equivalent to US\$ 123 million) on a reimbursement basis. In addition to this, the GoTN will contribute an amount approximately Rs.117 crores (equivalent to US \$ 27 million) to the Grant Fund.
- ii. The GoTN would transfer the funds to GF-III under the management of TNUIFSL. TNUIFSL would be the fund managers of GF-III, in terms of the Grant Fund Management Contract with GoTN.
- iii. The annual budgetary provision will be made by Government of Tamil Nadu on the basis of proposals made by the PMU, CMDA through TNUIFSL.
- iv. Government of Tamil Nadu will release the funds to GF-III managed by TNUIFSL based on the budget estimates.
- v. The funds from GF-III will be released to CMDA based on the guidelines prescribed.

5. ELIGIBILITY CRITERIA:

All traffic and transportation projects to be implemented in the Chennai Metropolitan Area under the supervision of CMDA under Tamil Nadu Urban Development Project-III would be eligible for funding assistance under GF III.

6. APPLICATION & APPROVAL

The CMDA will generally make a quarterly request to TNUIFSL for release of funds and accordingly grant would be released on quarterly basis. However in the case of payment to consultants, grant would be released in accordance with the Terms of Reference (ToR) given to the consultant for every stage of completion of the report and in the case of implementation of works, grant of 20% of the estimated contract value would be released initially and further release would be made upon utilization of around 80% of funds previously disbursed. CMDA will send the Statement of Expenditure (SoE) to TNUIFSL upon utilization of funds in the format prescribed by TNUIFSL in order to claim reimbursement from the World Bank.

7. PERFORMANCE

A Project Management Unit has been established in CMDA to supervise the projects to be implemented under Tamil Nadu Urban Development Project-III.

8. DISBURSEMENT

A sum of Rs.1.25 lakhs was available in Bank Accounts of GF-III account as on 01.04.2007. During the Financial year 2007-08, a sum of Rs.6.85 crores was released by GoTN under TNUDP-III as Grant to GF-III. A sum of Rs.12.84 lakhs being the excess of income over expenditure for the financial year 2007-08 has been transferred to Grant Fund. A sum of Rs.5.85 crores has been disbursed to CMDA. The balance of grant fund in the Bank Accounts as on 31.03.2008 is Rs.1.14 crores.

9. ACCOUNTS AND AUDIT

The Annual Accounts for the financial year 2007-08 have been audited by M/s.N.Raja & Associates, Chartered Accountants, Chennai.

AUDITORS' REPORT
TO THE FUND MANAGER OF GRANT FUND - III

We have audited the attached Balance Sheet of the Grant Fund-III as at 31st March 2008 and the Income and Expenditure Account of the Grant Fund for the Year ended on that date, annexed thereto. These financial statements are the responsibility of the Grant Fund-III's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) The Balance Sheet and Income and Expenditure Account dealt with by this Report are in agreement with the books of account of the Grant Fund - III.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. in the case of the Balance sheet, of the state of affairs of the Grant Fund - III as at 31 March, 2008 and
 - II. in the case of the Income and Expenditure Account, of the surplus of the Fund for the year ended on that date.

For **N.Raja & Associates**
Chartered Accountants

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17/06/2008

GRANT FUND - III
BALANCE SHEET AS AT 31 MARCH 2008

	Sche- dules		As at 31.03.2008 (in Rs.)		As at 31.03.2007 (in Rs.)
SOURCES OF FUNDS					
Grant Fund Account	1		1,13,72,146		1,07,750
TOTAL			1,13,72,146		1,07,750
APPLICATION OF FUNDS					
Current Assets and Loans and Advances	2	1,13,85,629		1,25,059	
Less : Current Liabilities and Provisions	3	13,483		17,309	
Net Current Assets			1,13,72,146		1,07,750
TOTAL			1,13,72,146		1,07,750
Notes to Accounts	5				

The Schedules form an integral part of the Accounts

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director

Sd/-
Managing Director &
Chief Executive Officer

**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-III)**

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - III

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	For the Year 2007 - 2008 (In Rs.)	For the Year 2006 - 2007 (In Rs.)
INCOME		
Interest on Savings Bank Account	1,36,250	14,793
Interest on Deposits Account	13,26,026	1,21,018
TOTAL	14,62,276	1,35,811
EXPENDITURE		
Management Fee	1,64,383	14,592
Audit Fees	13,497	13,469
TOTAL	1,77,880	28,061
Excess of Income over Expenditure transferred to Grant Fund in Balance Sheet	12,84,396	1,07,750
Notes to Accounts (Schedule 4)		

The Schedules form an integral part of the Accounts

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director
**Tamil Nadu Urban Infrastructure
Financial Services Limited
(The Fund Manager of Grant Fund-III)**

Sd/-
Managing Director &
Chief Executive Officer

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - III

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 1		
Grant Fund Account		
Opening Balance	1,07,750	--
Add: Grant received from GoTN	6,85,00,000	52,00,000
Add: Excess of Income over Expenditure Carried from Income & Expenditure Account	12,84,396	1,07,750
	6,98,92,146	53,07,750
Less: Disbursements	5,85,20,000	52,00,000
TOTAL	1,13,72,146	1,07,750
SCHEDULE - 2		
Current Assets and Loans and Advances		
Current Assets		
Balance in Savings Bank Account	74,327	1,25,059
Balance in Deposit Accounts	1,13,00,000	--
Interest Accrued on Deposits	11,302	--
TOTAL	1,13,85,629	1,25,059
SCHEDULE - 3		
Current Liabilities		
Management Fees Payable	--	3,840
Audit Fees Payable	13,483	13,469
TOTAL	13,483	17,309

GRANT FUND - III

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE 4

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting:

The Accounts are prepared on accrual basis and under historical cost convention

2. Previous year figures have been regrouped wherever necessary.

Vide our report of even date attached
For **N.Raja & Associates**
Chartered Accountants

Sd/-
Director

Sd/-
Managing Director &
Chief Executive Officer

**Tamil Nadu Urban Infrastructure
Financial Services Limited**
(The Fund Manager of Grant Fund-III)

Sd/-
N.Raja,
Partner

Place : Chennai
Date : 17.06.2008

GRANT FUND - III

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008 SOURCES AND APPLICATION OF FUNDS

SOURCES	For the year		APPLICATIONS	For the year	
	2007-2008	2006-2007		2007-2008	2006-2007
	Rs.	Rs.		Rs.	Rs.
A. Opening Balance	1,25,059	-	A. Disbursements	5,85,20,000	52,00,000
B. Interest Income	14,62,276	1,35,811	B. Increase/(Decrease) in Current Assets	11,302	-
C. Grant received from GoTN	6,85,00,000	52,00,000	C. (Increase)/Decrease in Current Liabilities	3,826	-
			D. Management fee and Other Expenses	1,77,880	10,752
			E. Closing Balance	1,13,74,327	1,25,059
	7,00,87,335	53,35,811		7,00,87,335	53,35,811

TAMIL NADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the Eleventh Annual Report of the Company together with the audited Statement of Accounts for the year ended 31st March 2008.

Tamil Nadu Urban Development Fund (TNUDF) was established as a Trust under the Indian Trust Act 1882. Tamil Nadu Urban Infrastructure Trustee Company Limited (TNUITCL) is the Trustee of Tamil Nadu Urban Development Fund. The TNUDF is being managed by Tamil Nadu Urban Infrastructure Financial Services Limited based on the policies and procedures prescribed by the Trustee Company.

1. FINANCIAL RESULTS

The working results for the Financial Year 2007-2008 are as follows:

Particulars	Amount in Rs.	
	2007-08	2006-07
Income	96,379	73,687
Expenditure	96,738	98,847
Net Profit/(Loss)	(359)	(25,160)
Net Worth	9,45,493	9,45,853

2. AUDIT

M/s. Philliphos, Sampath, Kumar, Chartered Accountants, Chennai have been appointed as the statutory auditors and they have audited the accounts of the Company for the financial year ended 31.03.2008.

3. STATUTORY INFORMATION

- Throughout the period of the Financial Year none of the employees was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules of 1975.
- The information as required under Section 217-(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not earned any foreign exchange and outgo during the financial year 2007-08.

5. CONVERSION OF ENERGY MEASURES

No manufacturing activities have taken place, hence the conversion of energy is not applicable.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act 1956, on the Directors' Responsibility Statement, the Directors confirm that:-

- that in the preparation of accounts, the applicable accounting standards have been followed along with proper explanation relating, to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the year and of the profit of the Company, for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: and
- that the Directors have prepared the annual accounts on a going concern basis.

7. SECRETARIAL AUDIT

As per the amendment to the Companies Act, 1956 the Company has to file with the Registrar of Companies a Compliance Certificate from a Secretary in whole time practice and a copy of such Certificate shall be attached to the Report of the Board of directors.

8 . DIRECTORS

The following changes have taken place in the Board of Directors of the Company since the last Annual General Meeting.

Mr.Sameer Vyas, IAS has been appointed as Director in the place of Dr.T.V. Somanathan, IAS; Mr. A.Nagarajan, IAS has been appointed as Director in the place of Mr. Sameer Vyas, IAS; Mr.Mathew Joseph has been appointed as Director in the place of Mr.R. V.S. Rao. Mr.K.S, Sripathi, IAS has been appointed in the place of Mr.L.K.Tripathy, IAS. Mr.A.Nagarajan, IAS has relinquished Directorship in the Board of TNUITCL.

As per the Articles of Association, at every Annual General Meeting, one third of the Directors (other than the Chairman, one another GoTN Nominee Director and one ICICI nominee Director) who have been longest in office since their appointment are liable to retire by rotation. Accordingly, Mr.K.Gnanadesikan, IAS, and Mr. L.Krishnan, are retire by rotation at the ensuing Annual General Meeting are eligible for re-appointment.

9. ACKNOWLEDGMENT

The Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Government of India, Government of Tamilnadu, The World Bank, Japan Bank for International Co-operation (JBIC), Kfw, ICICI Bank, Infrastructure Leasing and Financial Services Limited, Housing Development Finance Corporation Limited, Tamil Nadu Urban Infrastructure Financial Services Limited, Urban Local Bodies, Banks and Statutory Auditors.

For and on behalf of the
Board of Directors

Principal Secretary
MA & WS Department
Director - TNUITCL

T. MURUGAN, B.Sc., ACA., ACS.,
Practicing Company Secretary

22-E, Sri Subha Colony, Munusamy Road,
K.K. Nagar, Chennai – 600 078.
Ph: 23661875, 9381035900

COMPLIANCE CERTIFICATE

CIN : U65991TN1996PLC036866

To

The Members

M/s. TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED

112, Thiyagaraya Road, Vairam complex

1st floor, T.Nagar, Chennai-600 017

I have examined the registers, records, books and papers of M/s. TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2008. In my opinion and to the best of my information and according to the examinations carried out by me and my explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under.
3. The company being a public limited company, the provisions of section 3 (1) (iii) are not applicable to this company.
4. The Board of Directors duly met 4 times on 26-6-2007, 26-9-2007, 24-12-2007 and 20-3-2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The company has not opted to close its Register of Members during the year under review.
6. The Annual General Meeting for the year ended on 31st March, 2007 was held on 26th September 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No Extraordinary General Meeting(s) was/were held during the financial year.
8. The company has not advanced any loan to its directors and / or persons or firms or companies referred in section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. There were no instances falling under section 314 of the Act.
12. The Company has not issued any Duplicate Share Certificate during the financial year.
13. The Company has:
 - (i) Transferred shares during the year under review, the provisions of the Act complied with.
 - (ii) & (iii) not being declared dividend, comment on this paras does not arise.
 - (iv) Not required to transfer any amount to Investor Education and Protection Fund.
 - (v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.
15. There was no appointment of Managing Director / Whole time Director during the financial year under review.
16. The company has not appointed any sole - selling agents during the financial year.

17. The company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar, or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms /companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
19. The Company has not issued any shares/debentures /other securities during the financial year.
20. The Company has not bought back shares during the financial year.
21. There was no redemption any preference shares /debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares.
23. The Company has not invited / accepted any deposits including any unsecured loan or advances falling within the purview of sec.58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975 .
24. The company has not made any borrowings during the financial year under review.
25. The company has no inter corporate investments or loans as envisaged under section 372-A of the Act.
26. The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered the Articles of Association during the financial year.
31. The company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.
32. The company has not received any money as security from its employees during the year.
33. As explained by the management the company has no P.F. Trust on its own as envisaged under section 418 of the Act.

Place : Chennai
Date : 07-06-2008

Sd/-
Name of Company Secretary.
T.Murugan
C.P. No: 4393

Annex. A

Registers maintained by the Company

1. Register of Members
2. Register of Directors.
3. Register of Directors' Shareholding
4. Register of Disclosures.
5. Declaration of Interest.
6. Minutes of Board Meetings.
7. Minutes of General Body Meeting.

Annex. B

1. Form 32 filed on 16-4-2007 SRNA13372495
2. DIN 3 filed on 6-8-2007 SRNA19524933
3. DIN 3 filed on 25-8-2007 SRNA20868311
4. Form 32 filed on 28-8-2007 SRNA20989570
5. DIN 3 filed on 5-10-2007 SRNA23661531
6. Form 32 filed on 6-10-2007 SRNA23760838
7. Form 23AC & ACA filed on 16-10-2007 SRN P10633733
8. Form 20B filed on 16-10-2007 SRN PI0633832
9. Form 66 filed on 16-10-2007 SRN P10633881
10. Form 23 filed on 17-10-2007 SRN A24437378
11. Form 32 filed on 18-10-2007 SRN A24541062

PHILLIPOS, SAMPATH & KUMAR

CHARTERED ACCOUNTANTS
New No. AC-30 (OLD No AC-20)
ANNA NAGAR, CHENNAI -600 040.

Phone No: 42171952
42611683
42611684

Mobile: 98413-50021

AUDITORS' REPORT

To the Members of Tamil Nadu Urban Infrastructure Trustee Company Limited

- 1) We have audited the attached Balance Sheet of Tamil Nadu Urban Infrastructure Trustee Company Limited (the Company) as at 31 March 2008 and the Profit and Loss Account of the Company for the year ended on that date, and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform that audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet and the Profit and Loss Account and cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

- e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2008;and
 - (2) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (3) in the case of the cash flow statement of the cash flows for the year ended on that date
- 5) On the basis of the written representations/declarations received from the Directors (other than Nominee Directors exempt from the provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, vide Department of Company Affairs General Circular No.8/2002 dated 22 March 2002), and taken on record by the Board, and according to the information and explanations given to us, we report that none of the Directors of the Company is disqualified as at 31 March 2008, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.

For Phillipos, Sampath & Kumar,
Chartered Accountants

Sd/-

N.KUMARAVELU

Partner

Membership No. 020324

Place : Chennai

Date : 27.06.2008

PHILLIPOS, SAMPATH & KUMAR

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i. The nature of the Company's business/activities during the year have been such that Clauses 4(i), 4(ii), 4(iii), 4(vii), 4(viii), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- ii. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business for the services rendered by the Company and we have not observed any significant continuing failure to correct major weakness in such internal controls during the course of our audit. The Company does not purchases any inventory or fixed assets nor does it sell any goods in the ordinary course of its business.
- iii. To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements the particulars of which need to be entered into the register maintained in pursuance of Section 301 of the Companies Act 1956.
- iv. The Company has not accepted any deposits from the public.
- v. In respect of Statutory dues
 - a. According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities.
 - b. According to the information and explanations given to us no undisputed amounts in respect of Income-tax and other material statutory dues applicable to the Company were in arrears as of 31st March 2008 for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us, there are no dues of Income-tax, which have not been deposited on account of any dispute.
- vi. The accumulated losses of the Company have not exceeded fifty percent of its net worth as at the end of the year.
- vii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
- ix. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- x. The company has not issued any secured debentures during the year.
- xi. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **Phillipos, Sampath & Kumar**,
Chartered Accountants
Sd/-
N.KUMARAVELU
Partner
Membership No. 020324

Place : Chennai
Date : 27.06.2008

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH 2008

	Sche- dules	As at 31.03.2008 (in Rs.)		As at 31.03.2007 (in Rs.)	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		10,07,000		10,07,000
TOTAL			10,07,000		10,07,000
APPLICATION OF FUNDS					
Current Assets, Loans and Advances					
Current Assets	2	10,35,283		10,25,252	
Loans and Advances	3	20,312		30,703	
		10,55,595		10,55,955	
Less:					
Current Liabilities and Provisions					
Sundry Creditors	4	1,10,102		1,10,102	
Provisions	5	-		-	
		1,10,102		1,10,102	
Net Current Assets			9,45,493		9,45,853
Profit and Loss Account			61,507		61,147
TOTAL			10,07,000		10,07,000
Notes to Accounts	7				

The Schedules referred to above form an integral part of the Accounts
 In terms of our report of even date attached

For **PHILLIPOS, SAMPATH & KUMAR**
 Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
 Partner
 Membership No. 020324
 Place : Chennai.
 Date : 27.06.2008

Sd/-
Director

Sd/-
Director

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Sche- dules	For the Year 2007 - 2008 (in Rs.)	For the Year 2006 - 2007 (in Rs.)
INCOME			
Trusteeship Fees		Nil	Nil
Other Income (Tax Deducted at Source Rs.4,217/- (Previous Year Rs. 6,084)		96,379	73,687
TOTAL		96,379	73,687
EXPENDITURE			
Operating and Administration Expenses	6	96,738	98,847
TOTAL		96,738	98,847
(Loss) Before Tax		(359)	(25,160)
(Loss)/Profit After Tax		(359)	(25,160)
Loss Brought Forward		(61,148)	(35,987)
Loss Transferred to Balance Sheet		(61,507)	(61,148)
Earnings Per Share-Basic & Diluted (In Rs.)- Face Value Rs.10 (Refer Note 4 of Schedule 7)		(0.004)	(0.250)
Notes to Accounts	7		

The Schedules referred to above form an integral part of the Accounts.
In terms of our report of even date attached.

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
Partner
Membership No. 020324
Place : Chennai.
Date : 27.06.2008

Sd/-
Director

Sd/-
Director

TAMILNADU URBAN INFRASTRUCTURE TRUSTEE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 March 2008

	For the Year 2007 - 2008 (In Rs.)	For the Year 2006 - 2007 (In Rs.)
A. Cash Flow From Operating Activities		
Profit / (Loss) before Tax	(359)	(25,160)
Operating Profit before Working Capital Changes	(359)	(25,160)
Adjustments for changes in :		
(Increase) / Decrease in Current Assets	(15,420)	4,663
(Increase) / Decrease in Loans and Advances	0	10,76,725
Increase / (Decrease) in Current Liabilities & Provisions	0	(83,618)
Cash Generated from Operations	(15,779)	9,72,610
Add: Income Tax Refund	10,391	8,096
Net Cash from Operating Activities	(5,388)	9,80,706
B. Cash flow from Lending & Investment Activities	-	-
Net Cash From Investing Activities	-	-
C. Cash Flow from Financing Activities	-	-
Net Cash from Financing Activities	-	-
Net Increase in Cash & Cash Equivalents	(5,388)	9,80,706
Cash and Cash equivalents at the beginning of the Accounting period	9,91,173	10,467
Cash and Cash equivalent at the end of the Accounting period	9,85,785	9,91,173
	(5,388)	9,80,706

The Schedules referred to above form an integral part of the Accounts.
In terms of our report of even date attached.

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
Partner
Membership No. 020324
Place : Chennai.
Date : 27.06.2008

Sd/-
Director

Sd/-
Director

**TAMIL NADU URBAN INFRASTRUCTURE
TRUSTEE COMPANY LIMITED**
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

Details	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 1		
Share Capital		
Authorised: 1,10,000 Equity Shares of Rs.10 Each	11,00,000	11,00,000
Issued, Subscribed & Paid-up: 1,00,700 Equity Shares of Rs.10 Each	10,07,000	10,07,000
Total	10,07,000	10,07,000
SCHEDULE - 2		
Current Assets		
Interest Accrued on Deposits	49,500	34,079
Cash and Bank Balances		
- On Current Account	16,783	14,173
- On Deposit Account	9,69,000	9,77,000
Total	10,35,283	10,25,252
SCHEDULE - 3		
Loans and Advances (Unsecured, Considered Good)		
Deposits with Companies	-	-
TDS on Income	20,312	30,703
Total	20,312	30,703
SCHEDULE - 4		
Sundry Creditors		
Dues of Creditors Other Than Small Scale Industrial Undertakings	1,10,102	1,10,102
Total	1,10,102	1,10,102

**TAMIL NADU URBAN INFRASTRUCTURE
TRUSTEE COMPANY LIMITED**
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

Details	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 5		
Provisions		
Provision for Taxation	-	-
SCHEDULE - 6		
Operating and Administration Expenses		
Staff Cost on Deputation	72,280	67,665
Printing and Stationery	2,000	2,500
Filing Fees	2,400	4,800
Professional Fees	3,000	5,000
Auditors' Remuneration		
- Audit Fees	9,000	9,000
- Service Tax	1,112	1,102
Office Maintenance	6,946	8,500
Bank Charges	-	280
Total	96,738	98,847

**TAMIL NADU URBAN INFRASTRUCTURE
TRUSTEE COMPANY LIMITED**
**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008**

SCHEDULE – 7 NOTES TO ACCOUNTS

1. Accounting Policies:

(a) Basis of Accounting

The accounts are prepared on accrual basis under the historical cost convention.

(b) Trusteeship Fees

Trusteeship Fees are recognised as per contractual obligations and on the basis of claims made.

(c) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material temporary differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallize in the foreseeable future.

Deferred tax benefits are recognised in the financial statements only when such benefits are reasonably expected to be realisable in the near future.

2. As certified by the Management, there are no dues to Small Scale Industrial Undertakings as of 31 March 2008.

3. There are no contingent liabilities as of 31 March 2008.

4. Earnings Per Share

Particulars	2007-2008 in Rs.	2006-2007 in Rs.
(Loss)/Profit After Tax	(357)	(25,160)
Weighted Average Number of Equity Shares	1,00,700	1,00,700
Earnings Per Share- Basic and Diluted (Rs.) (Face Value Per Share Rs.10)	(0.004)	(0.250)

5. Previous year's figures have been regrouped wherever necessary.

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu

Sd/-
Director

Sd/-
Director

Partner
Membership No. 020324
Place : Chennai.
Date : 27.06.2008

TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Yours Directors have great pleasure in presenting the Eleventh Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 2008.

1. BACKGROUND

Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) is a service company, managing the funds of:

- Tamil Nadu Urban Development Fund (TNUDF) which provides long term finance for urban infrastructure. TNUDF is the first public private partnership providing finance to Urban Local Bodies (ULBs) on a non-guarantee mode. The TNUDF is managed on the basis of Lending Policies and Procedures approved by the Trustee of TNUDF.
- Grant Funds (GF I, II and III) which is meant to enhance financial, managerial and project development capacities of ULBs and provide grant for up-gradation traffic management measures. The fund is managed on the basis of guidelines issued by Government of Tamil Nadu, from time to time.
- Water and Sanitation Pooled Fund (WSPF) which provides capital market access to ULBs under pooled financing framework. WSPF identifies viable projects and fund them from Concept to Commissioning. The main objective of WSPF is to make the ULBs a part of the active debt markets so as to avail the best interest rates available in the market.

TNUIFSL undertakes the function of project appraisals, disbursement, follow up and recovery apart from fund management and customer service for that better internal control system are being put in place. In addition to the above, the TNUIFSL enlarged its scope by providing project advisory, financial advisory and fund management services to other clients.

2. VISION

Efficient fund management in Urban Sector calls for three basic skills. First, the ability to appraise and manage small, micro projects from Concept to Commissioning. Second, the need for communication with the clients for whom project development is only a part of their entrusted tasks. Finally, the need for internal systems improvements to enhance effective client relationships and security of the funds invested. The company realise the need to develop these skills, by way of improved understanding, training and modern accounting / financial systems, enabling better client service.

3. OPERATIONS

During the year as a fund manager, the Company manages TNUDF, Grant Funds (Grant Fund I, II and III) and WSPF. The management of the above has led to improvement in service levels of various infrastructure needs. Continuous efforts at reform and capacity building have made the ULBs becoming more prudent while borrowing.

By the continuous efforts taken by the Company, TNUDF has achieved the 100% collection efficiency (both principal and interest dues from assisted ULBs) consecutively for the past four financial years.

During the year the company has initiated innovative studies like High Speed Transportation Corridor and Bid Process Management for Municipal Solid Waste Management activities. Your company has also achieved progress in constitution of new funds viz., Project Preparatory Grant Fund and Tamil Nadu Urban Road Infrastructure Fund, assisted in obtaining funds from Japan Bank for International Cooperation and KfW and mobilization of resources by issue of Tax Free Pooled Finance Development Bonds under PFDF Scheme.

As desired by the Trustees of Adyar Poonga Trust, the company has taken up the management of the Trust and oversee the preparation of Ecological Restoration Plan, Detailed Project Report, carrying out other studies, the preliminary works and day to day management of the activities for the development Eco Park in Adyar Creek area for the Trust.

As desired by the Government of Tamil Nadu, your company has completed the formation of Chennai Metro Rail Limited as per the provisions of the Companies Act, 1956 and completed the formalities for the formation of a Special Purpose Vehicle in the name "Adyar Poonga" under Section 25 of the Companies Act, 1956.

4. FINANCIAL RESULTS

The summarized financial results of the company for the Financial Year 2007 - 08 are furnished below:

(Rs. in lakhs)

DETAILS	2007-2008	2006-2007
Income	490.45	375.88
Expenditure	258.62	189.16
Profit Before Tax	231.83	186.72
Profit After Tax	150.51	120.82
Surplus brought forward	498.88	425.28
Amount available for appropriations	649.39	546.10
Appropriations:		
Transfer to General Reserve	15.10	12.10
Proposed dividend	30.02	30.02
Tax on dividend	5.10	5.10
Surplus carried to Balance Sheet	599.17	498.88
Net Profit on income (%)	30.69	32.14
Return on Net worth (%)	19.16	18.03
Earnings per share (Rs.)	15.04	12.07

5. DIVIDEND

The Directors are happy to recommend a dividend of 30% on paid up equity share capital for the financial year ended 31.3.2008. The dividend (Rs.30.02 lakhs) together with dividend tax (Rs. 5.10 lakhs) absorbs a sum of Rs. 35.12 lakhs.

6. AUDIT

M/S Philipos, Sampath & Kumar, Chartered Accountants have been appointed as the statutory auditors who have audited the accounts of the Company for the Financial Year 2007-2008.

7. STATUTORY INFORMATION

Throughout the period of the Financial Year none of the employees was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

The information as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 with regard to the conservation of energy and technology absorption are not applicable to the Company.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not earned any foreign exchange, however the outgo is about Rs.8.72 lakhs during the financial year 2007-08.

9. CONSERVATION OF ENERGY MEASURES

No manufacturing activities have taken place, hence the conservation of energy is not applicable.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, on the Directors' Responsibility Statement, the Directors confirm that:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the year and of the Profit of the company, for the that period;
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that the directors have prepared the annual accounts on a going concern basis.

11. SECRETARIAL AUDIT

As per the amendment to the Companies Act, 1956 the Company has to file with the Registrar of Companies a Compliance Certificate from a Secretary in whole time practice and a copy of such Certificate shall be attached to the Report of the Board of Directors. Accordingly, a Compliance Certificate is attached.

12. DIRECTORS

The Following changes have taken place in the Board of Directors of the Company since the last Annual General Meeting :

Mr. K. Phanindra Reddy, IAS has been appointed as Managing Director in the place of Mr. Vikram Kapur, IAS. Other than this, no changes have taken place in the Board of Directors of the Company since the last Annual General Meeting.

As per the Articles of Association, at every Annual General Meeting, one third of the Directors (other than the Chairman, Chief Executive Officer and one ICICI nominee) who have been longest in office since their appointment are liable to retire by rotation. Accordingly, Mr. Joseph Conrad A D'Souza, and Mr. L. Krishnan are to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

13. ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Government of India, Government of Tamil Nadu, the World Bank, Japan Bank for International Cooperation, KfW, ICICI Bank, Infrastructure Leasing & Financial Services Limited, Housing Development Finance Corporation Limited, Banks, Urban Local Bodies, Internal Auditors and Statutory Auditors.

The Directors have pleasure in recording their appreciation of the dedicated services rendered by the employees at all levels.

Place: Chennai – 17

Date: 26-08-2008

For and on behalf of the
Board of Directors

Sd/-
Chairman

T. MURUGAN, B.Sc., ACA., ACS., PGDCA., PGDFM
Practicing Company Secretary

**22-E, Sri Subha Colony,
Munusamy Road,
K.K. Nagar, Chennai – 600 078.
Phone: 24847075
murugantmp@yahoo.co.in**

COMPLIANCE CERTIFICATE

CIN : U67190TN1996PLC036865

To

The Members
M/s TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
112, Thiyagaraya Road, Vairam complex
1st floor, T.Nagar, Chennai-600 017

I have examined the registers, records, books and papers of M/s. TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2008. In my opinion and to the best of my information and according to the examinations carried out by me and my explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities with in the time prescribed under the Act and the rules made there under or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under.
3. The company being a public limited company, the provisions of section 3 (1) (iii) are not applicable to this company.
4. The Board of Directors duly met 4 times on 20-6-2007, 24-9-2007, 13-12-2007 and 10-3-2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The company has not opted to close its Register of Members during the year under review.
6. The Annual General Meeting for the year ended on 31st March, 2007 was held on 24th September 2007 after giving due notice to the members of the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No Extraordinary General Meeting(s) was/were held during the financial year.
8. The company has not advanced any loan to its directors and / or persons or firms or companies referred in section 295 of the Act.
9. The company has not entered into any contract as envisaged under section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. There were no instances falling under section 314 of the Act.
12. The Company has not issued any Duplicate Share Certificate during the financial year.
13. The Company has:
 - (i) Transferred shares during the financial year under review, the provisions of the Act complied with.
 - (ii) & (iii) deposited the dividend amount in the bank account and posted the dividend declared by way of demand draft to the members of the Company within the time prescribed under the Act.
 - (iv) Not required to transfer any amount to Investor Education and Protection Fund.
 - (v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.
15. The company has not appointed Managing Director, Whole time Director during the financial year under review.
16. The company has not appointed any sole - selling agents during the financial year.
17. The company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar, or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms /companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
19. The Company has not issued any shares/debentures /other securities during the financial year.

20. The Company has not bought back shares during the financial year.
21. There was no redemption any preference shares /debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares.
23. The Company has not invited / accepted any deposits including any unsecured loan or advances falling with in the purview of sec.58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
24. The company has not made any borrowings during the financial year under review.
25. The company has no inter corporate investments or loans as envisaged under section 372-A of the Act.
26. The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered the Articles of Association during the financial year.
31. The company has not received any Show Cause Notice from Company Law Enforcing Authorities during the financial year under review.
32. The company has not received any money as security from its employees during the year.
33. The company was regular in depositing Provident Fund dues with the relevant Statutory Authorities, but the company has not its own PF Trust as envisaged under section 418 of the Act.

Place : Chennai
Date : 17-06-2008

Sd/-
Name of Company Secretary.
T.Murugan
C.P. No: 4393

Annex. A

Registers maintained by the Company

- a. Register of Members
- b. Register of Directors.
- c. Register of Directors' Shareholding.
- d. Register of Disclosures.
- e. Declaration of Interest.
- f. Minutes of Board Meetings.
- g. Minutes of General Body Meeting

Annex. B

1. Form 32 filed on 13-4-2007 SRN A13270830
2. DIN 3 filed on 3-10-2007 SRN A23511215
3. Form 32 filed on 4-10-2007 SRN A23589666
4. Form 23AC &ACA filed on 15-10-2007 SRN P10581965
5. Form 20B filed on 15-10-2007 SRN PI0582245
6. Form 66 filed on 15-10-2007 SRN P10582492
7. Form 23 filed on 15-10-2007 SRN A24289100
8. Form 32 filed on 15-10-2007 SRN A24292450

PHILLIPOS, SAMPATH & KUMAR

CHARTERED ACCOUNTANTS
New No. AC-30 (OLD No AC-20)
ANNA NAGAR, CHENNAI -600 040.

Phone No: 42171952

Mobile: 98413-50021

Fax No : 42171952

AUDITORS' REPORT

To the Members of

TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

- 1) We have audited the attached Balance Sheet of Tamil Nadu Urban Infrastructure Financial Services Limited (the Company) as at 31 March 2008 the Profit and Loss Account of the Company for the year ended on that date and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet the Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet the Profit and Loss Account and cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; to the extent applicable.
 - e. in our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2008;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date. And
 - iii. in the case of cash flow statement of the cash flows for the year ended on that date.
- 5) On the basis of the written representations/declarations received from the Directors (other than Nominee Directors exempt from the provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, vide Department of Company Affairs General Circular No.8/2002 dated 22 March 2002), and taken on record by the Board of Directors, none of the said Directors of the Company is disqualified as at 31 March 2008, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date.

For Phillipos, Sampath & Kumar,
Chartered Accountants
Sd/-

N.KUMARAVELU

Partner

Membership No. 020324

Place : Chennai
Date : 17.06.2008

PHILLIPOS, SAMPATH & KUMAR

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business / activities during the year is such that Clauses 4 (ii), 4(iii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - a The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the services rendered by the Company and we have not observed any significant continuing failure to correct major weaknesses in such internal controls during the course of our audit. The company does not purchase any inventory nor does it sell any goods in the ordinary course of its business.
- (iv) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act 1956.
- (v) The company has not accepted any deposits from the public.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (vii) In respect of Statutory dues:
 - a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that the Employees State Insurance Act is not applicable to the Company.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax and other material statutory dues applicable to the Company were in arrears as at 31 March 2008 for a period of more than six months from the date they became payable.
 - c) According to the information and explanation given to us, there are no dues of Income tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facia, not been used during the year for long term investment.
- (ix) in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (x) during the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) the company has not issued any secured debentures during the year.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **Phillippos, Sampath & Kumar**,
Chartered Accountants
Sd/-

N.KUMARAVELU

Partner

Membership No. 020324

Place : Chennai
Date : 17.06.2008

**TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2008**

	Sche- dules	As at March 2008 (in Rs.)		As at March 2007 (in Rs.)	
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	1		1,00,07,000		1,00,07,000
Reserves & Surplus	2		6,85,52,262		5,70,13,334
TOTAL			7,85,59,262		6,70,20,334
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block		62,59,013		64,50,902	
Less: Depreciation	3	34,74,724		32,34,962	
Net Block			27,84,289		32,15,940
Deferred Tax Assets			1,12,496		59,427
CURRENT ASSETS					
Current Assets, Loans & Advances	4	10,67,10,276		8,56,82,248	
Less: Current Liabilities & Provisions	5	3,10,47,799		2,19,37,281	
Net Current Assets			7,56,62,477		6,37,44,967
TOTAL			7,85,59,262		6,70,20,334
Notes to Accounts	9				

The Schedules referred to above form an integral part of the Accounts.

In terms of our report of even date attached.

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
Partner
Membership No. 020324

Sd/-
Director

Sd/-
**Managing Director &
Chief Executive officer**

Place : Chennai.
Date : 17.06.2008

Sd/-
**Vice President &
Company Secretary**

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Sche- dules	For the Year 2007 - 2008 (in Rs.)	For the Year 2006 - 2007 (in Rs.)
INCOME			
Management and Other Fees	6	3,71,71,006	3,00,55,800
Service Tax Collected		47,08,820	30,94,977
Other Income	7	71,65,756	44,37,178
TOTAL		4,90,45,582	3,75,87,955
EXPENDITURE			
Operating & Administration Expenses	8	2,03,76,699	1,49,84,204
Service Tax Paid		47,08,820	30,94,977
Depreciation	3	7,76,897	8,36,818
TOTAL		2,58,62,416	1,89,15,999
Profit Before Tax		2,31,83,166	1,86,71,956
Provision for Tax			
- Current Tax		80,00,000	65,20,000
- Fringe Benefit Tax		1,85,000	1,77,853
- Deferred Tax (Refer Note 6 of Schedule - 9)		53,069	1,07,517
Profit After Tax		1,50,51,235	1,20,81,620
Profit Brought Forward from the Previous Year		4,98,87,667	4,25,28,354
Profit Before Appropriations		6,49,38,902	5,46,09,974
Appropriations:			
General Reserve		15,10,000	12,10,000
Proposed Dividend		30,02,100	30,02,100
Tax on Dividend		5,10,207	5,10,207
Balance Carried forward to Balance Sheet		5,99,16,595	4,98,87,667
Earnings Per Share (Refer Note 4 of Schedule 9)		15.04	12.07
Notes to Accounts	9		

The Schedules referred to above form an integral part of the Accounts.

In terms of our report of even date attached.

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
Partner
Membership No. 020324

Sd/-
Director

Sd/-
**Managing Director &
Chief Executive officer**

Sd/-
**Vice President &
Company Secretary**

Place : Chennai.
Date : 17.06.2008

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 March 2008

	For the Year 2007-2008 (in Rs.)	For the Year 2006-2007 (in Rs.)
A. Capital Receipt	-	-
B. Cash Flow From Operating Activities		
Profit before Tax	2,31,83,166	1,86,71,956
Add: Depreciation	7,76,897	8,36,818
Loss on sale of Fixed Assets	31,943	1,68,176
Operating Profit before Working Capital Changes	2,39,92,006	1,96,76,950
Adjustments for changes in :		
(Increase) / Decrease in Current Assets	9,07,202	4,76,131
(Increase) / Decrease in Loans and Advances	2,68,771	69,76,833
Increase / (Decrease) in Current Liabilities & Provisions	8,18,765	(5,03,774)
Cash Generated from Operations	2,59,86,744	2,66,26,140
Add: Income Tax paid	(88,70,605)	(60,51,821)
Net Cash from Operating Activities	1,71,16,139	2,05,74,319
C. Cash Flow From Lending and Investment Activities		
Sale of Assets	3,200	30,000
Purchase of assets	(3,80,389)	(9,90,863)
Net Cash From Investing Activities	(3,77,189)	(9,60,863)
D. Cash Flow from Financing Activities		
Dividend & Dividend Tax Paid	(35,12,307)	(34,23,144)
Net Cash from Financing Activities	(35,12,307)	(34,23,144)
Net Increase in Cash and Cash Equivalents	1,32,26,643	1,61,90,312
Cash and Cash equivalents at the beginning of the Accounting period	6,54,49,011	4,92,58,699
Cash and Cash equivalent at the end of the Accounting period	7,86,75,654	6,54,49,011
	1,32,26,643	1,61,90,312

The Schedules referred to above form an integral part of the Accounts
In terms of our report of even date attached

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
Partner
Membership No. 020324

Sd/-
Director

Sd/-
**Managing Director &
Chief Executive officer**

Place : Chennai.
Date : 17.06.2008

Sd/-
**Vice President &
Company Secretary**

**TAMILNADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

Details	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
SCHEDULE - 1		
Share Capital		
Authorised Capital		
20,00,000 Equity Shares of Rs.10 each	2,00,00,000	2,00,00,000
Issued, Subscribed & Paid-up Capital		
10,00,700 Equity Shares of Rs.10 each	1,00,07,000	1,00,07,000
Total	1,00,07,000	1,00,07,000
SCHEDULE - 2		
Reserves & Surplus		
General Reserve:		
Opening Balance	71,25,667	59,15,667
Add : Amount Transferred during the Current Year	15,10,000	12,10,000
	86,35,667	71,25,667
Balance in Profit & Loss Account	5,99,16,595	4,98,87,667
TOTAL	6,85,52,262	5,70,13,334

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE - 3

Fixed Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2007	Additions	Deletion	As At 31.03.2008	As At 01.04.2007	For the Year	Deduction	As At 31.03.2008	As At 31.03.2008	As At 31.03.2007
Computer Equipment	25,31,640	2,34,664	5,14,811	22,51,493	20,33,367	2,53,787	5,10,241	17,76,913	4,74,580	4,98,273
Office Equipment	12,77,569	77,044	57,467	12,97,146	2,46,863	1,63,281	26,894	3,83,250	9,13,896	10,30,706
Furniture & Fixtures	15,97,138	68,681		16,65,819	5,63,877	1,90,586		7,54,463	9,11,356	10,33,261
Vehicles	10,44,555			10,44,555	3,90,855	1,69,243		5,60,098	4,84,457	6,53,700
Total	64,50,902	3,80,389	5,72,278	62,59,013	32,34,962	7,76,897	5,37,135	34,74,724	27,84,289	32,15,940
Previous Year	61,47,616	9,90,863	6,87,577	64,50,902	28,87,545	8,36,818	4,89,401	32,34,962	32,15,940	32,60,071

**TAMILNADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

Details	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 4		
Current Assets, Loans & Advances		
A. Current Assets		
Interest Accrued on Deposits	1,69,406	1,86,151
Sundry Debtors (Less than Six Months - Unsecured , Considered Good)	0	8,90,457
Cash & Bank Balances		
Balance with Scheduled Bank		
- On Current Account	14,75,654	16,49,011
- On Deposit Account	7,72,00,000	6,38,00,000
(A)	7,88,45,060	6,65,25,619
B. (Loans & Advances (Unsecured, Considered Good))		
Amounts Recoverable in Cash or in Kind or for Value to be Received.	31,22,018	33,90,789
Income Tax Paid in Advance & TDS	2,47,43,198	1,57,65,840
(B)	2,78,65,216	1,91,56,629
TOTAL (A) + (B)	10,67,10,276	8,56,82,248
SCHEDULE - 5		
Current Liabilities & Provisions		
A. Current Liabilities		
Sundry Creditors		
- Dues to Creditors Other Than Small Scale Industrial Undertakings	3,67,789	8,20,585
Pension and Leave salary payable	1,60,487	1,16,193
Performance Linked Pay payable	29,70,000	15,00,000
Other Liabilities	6,576	3,58,494
(A)	35,04,852	27,95,272
Notes:		
1. Due to Directors	92,231	72,376
2. Maximum Amount Due to Directors	92,231	72,376
B. Provisions		
Provision for Leave Encashment	5,07,000	3,97,815
Provision for Taxation	2,35,23,640	1,52,31,887
Proposed Dividend	30,02,100	30,02,100
Tax on Dividend	5,10,207	5,10,207
(B)	2,75,42,947	1,91,42,009
TOTAL (A) + (B)	3,10,47,799	2,19,37,281

**TAMILNADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

Details	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SCHEDULE - 6		
Management and Other Fees		
Appraisal Fees	2,69,74,102	2,21,41,938
Supervision & Recovery Fees	78,68,913	63,21,406
Treasury Management Fees	2,21,103	2,02,456
Professional Fees (Tax Deducted at source Rs.46,80,632/- previous year Rs.18,66,545)	21,06,888	13,90,000
TOTAL	3,71,71,006	3,00,55,800
SCHEDULE - 7		
Other Income		
Interest on Term Deposits (Tax Deducted at source Rs.13,34,826/- previous year Rs.5,34,782)	68,04,576	43,66,628
Miscellaneous Receipts	3,61,180	70,550
TOTAL	71,65,756	44,37,178
SCHEDULE - 8		
Operating & Administration Expenses		
Salaries	90,31,473	67,74,265
Contributions to Provident & Other Funds	10,47,060	9,00,659
Medical & Other Staff Welfare Expenses	11,21,723	9,87,303
Rent	8,26,200	8,16,000
Rates & Taxes	17,093	11,880
Electricity	3,36,969	2,86,970
Travelling & Conveyance	28,44,639	16,98,538
Communication	3,81,165	2,91,261
Printing & Stationery	1,01,683	80,941
Repairs & Maintenance - Vehicles	72,884	47,749
Repairs & Maintenance - Equipments	46,845	47,603
Repairs & Renewals Expenses	1,84,618	1,84,224
Office Expenses	2,86,197	2,57,180
Security Charges	79,500	65,250
Professional Charges	34,75,102	19,66,362
Insurance	40,381	31,950
Auditors' Remuneration		
- Audit	50,000	50,000
- Tax Audit	15,000	15,000
Loss on Sale of Asset	31,943	1,68,176
Miscellaneous Expenses	3,86,224	3,02,893
TOTAL	2,03,76,699	1,49,84,204

**TAMILNADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**
**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008**

SCHEDULE – 9

Notes to Accounts

1. Accounting Policies

(a) Basis of Accounting

The accounts are prepared on accrual basis under the historical cost convention.

(b) Fixed Assets

Fixed Assets are stated at cost of acquisition including freight, transportation and other incidental expenses relating to acquisition and installation.

(c) Depreciation

Depreciation on Fixed Assets is provided pro-rata on the basis of the Written Down Value method using the rates prescribed in Schedule XIV of the Companies Act, 1956. However, individual assets costing less than or equal to Rs.5,000/- each are fully depreciated in the period of acquisition.

(d) Investments

Current Investments are valued at lower of cost or market value.

(e) Management Fees

Management Fees are recognised as per contractual obligations and on the basis of claims made.

(f) Employee Retirement Benefits

Accounting Standard 15 is being followed for the employees' benefits as provident Fund, Pension and Gratuity.

Contributions to Employees Provident Fund and Pension Fund are statutorily deposited with the Employees Provident Fund Organization and the Company's contribution to the funds is charged to revenue.

The Company has covered its Gratuity and Superannuation liabilities with the Life Insurance Corporation of India (LIC) and the premium paid to LIC is charged to revenue. The premium amount in the case of Gratuity is determined on the basis of the actuarial valuation done each year by the LIC.

The Leave Encashment liabilities of the Company have been accrued for based on actuarial valuation done each year.

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE – 9 (Contd)

Notes to Accounts (Contd)

(g) Deferred Tax

Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystalize in the foreseeable future.

Deferred Tax benefits are recognised in the financial statements only when such benefits are reasonably expected to be realised in the near future.

(h) Preliminary Expenses

Preliminary expenses have been fully written off in the first accounting period.

2. Remuneration of Managing Director - related party disclosures as per AS 18:

Amount in Rs.

Particulars	2007-2008	2006-2007	
	Mr.Vikram Kapur IAS	Mr.Vikram Kapur IAS (June'06-March'07)	Mr.Shashi Shekhar IAS (April'06 - May'06)
Salaries	6,04,150	4,52,343	79,584
Contributions to Pension & Other Funds (Refer Note (i))	1,60,487	98,385	17,808
Perquisites (Refer Note (ii))	4,46,068	3,63,564	2,93,850
Total	12,10,705	9,14,292	3,91,242

Note :

- (i) For the year 2007-2008, the Contribution to Pension and leave salary pertaining to the Managing Director and Chief Executive Officer has to be paid to the Government of Tamil Nadu (GoTN) since the Managing Director is an IAS cadre employee. Accordingly, provision has been made in the books of accounts for the year ended 31.03.2008.
- (ii) Perquisites are valued at Actual Cost to the Company.
- (iii) Remuneration to Managing Director excludes Performance Linked Pay. A sum of Rs. 5,44,592/- has been paid to the Managing Director (Mr.Vikram Kapur IAS Rs.4,67,657 and Mr.Shashi Shekhar, IAS Rs.76,935/-) during the year 2007-2008 as Performance Linked Pay out of the overall provision made for all employees in the year 2006-2007. During the current financial year 2007-08 a sum of Rs.29,70,000/- has been provided as Performance Linked Pay on an overall basis for all the employees of the Company.

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE – 9 (Contd)

Notes to Accounts (Contd)

3. Operating Lease:

The Company has operating lease agreement primarily for office space. The lease term period is 36 months. The lease rentals paid during the current period is Rs.8,26,200/-. The future minimum lease payments under operating leases are as follows:

Year Ended 31 March	Expected Minimum Commitment Rs.
2009	2,75,400

4. Earnings per Share:

Particulars	2007-2008 Rs.	2006-2007 Rs.
Profit after Tax (Rs.)	1,50,51,235	1,20,81,620
Weighed Average No. of Equity Shares	10,00,700	10,00,700
Earnings per Share Basic and Diluted (Rs.) (Face Value Per Share Rs.10)	15.04	12.07

5. Expenditure and earnings in Foreign Currency

Expenditure (Traveling Expenses): Rs.8,72,224/- (Previous year Rs.4,07,385/-)

Earnings: nil (Previous year Rs.1,92,611/-).

6. Provision for Deferred Tax:

(a) Deferred Tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing laws.

(b) Break up of Deferred Tax assets / liabilities and reconciliation of current year deferred tax charge is as follows:

Particulars	Opening (Deferred Tax Assets)	Charged / (Credited) to P&L	Closing (Deferred Tax Assets)
Deferred Tax Liabilities /Assets			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	59,427	53,069	1,12,496
TOTAL	59,427	53,069	1,12,496

Amount in Rs.

TAMILNADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE – 9 (Contd)

Notes to Accounts (Contd)

7. Valuation of Inventories:

Since the company is a non banking financial institution there are no inventories relating to the business of the company.

8. Previous year's figures have been regrouped wherever necessary.

Signatures to Schedule 1 to 9

For **PHILLIPOS, SAMPATH & KUMAR**
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
N.Kumaravelu
Partner
Membership No. 020324

Sd/-
Director

Sd/-
**Managing Director &
Chief Executive officer**

Place : Chennai.
Date : 17.06.2008

Sd/-
**Vice President &
Company Secretary**

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS : TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED (TNUIFSL)

Registration No. 18 - 36865 (State code) : 18

Balance Sheet Date : 31.3.2008

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue : Nil Rights Issue : Nil

Bonus Issue : Nil Private Placement : Nil

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities : 78559 Total Assets : 78559

SOURCE OF FUNDS

Paid-up Capital : 10007 Reserves & Surplus : 68552

Secured Loans : Nil Unsecured Loans : Nil

APPLICATION OF FUNDS

Net Fixed Assets : 2784 Investment : Nil

Net Current Assets : 75662 Misc. Expenditure : Nil

Accumulated Losses : Nil Deferred Tax Asset : 112

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover : 49045 Total Expenditure : 25862

Profit before tax : 23183 Profit /(Loss) after tax : 15051

Earnings per Share : 15.04 Dividend Rate : 30%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (as per monetary terms)

Item Code No.

(ITC Code) : Not Applicable

Product Description : Services

For and on behalf of the Board of Directors

Sd/-
Director

Sd/-
Managing Director &
Chief Executive officer

Sd/-
Vice President &
Company Secretary

Place : Chennai.
Date : 17.06.2008

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**TAMIL NADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**

BOARD OF DIRECTORS

Mr.K.Deenabandu, IAS
Principal Secretary to Government,
MA & WS Department
Secretariat, Chennai 600 009.

Chairman

Mr. K. Gnanadesikan, IAS
Principal Secretary to Government,
Finance Department
Secretariat, Chennai 600 009.

Mr. K.Allaudin, IAS
Principal Secretary to Government,
Highways Department,
Secretariat, Chennai 600 009.

Dr.NiranjanMardi, IAS
Commissioner, Municipal Administration,
Chepauk, Chennai 600 005.

Mr. N,K.Balaram,
Zonal Head -South,
ICICI Bank Ltd,
ICICI Bank Towers, 1, Commissariat Road,
Bangalore 560 025

Ms. Vidhya Muthuram,
Coordinator, Center for Development Finance,
IFMR
Chennai 600 034.

Mr. L.Krishnan,
Chief Executive Officer, IL & FS Urban Infrastructure
Managers Limited
Karumuttu Centre, III Floor, South Wing,
498, Anna Salai, Chennai 600 018.

Mr. Joseph Conrad A D' Souza
General Manager -Treasury,HDFC
Raman House,169, Backbay Reclamation
Mumbai - 400 020.

Mr. K.Phanindra Reddy, IAS
MD & CEO, TNUIFSL
Chennai 600 017.

Bankers

ICICI Bank Limited
No.1, Cenotaph Road, Teynampet,
Chennai - 600 018.

**TAMIL NADU URBAN INFRASTRUCTURE
TRUSTEE COMPANY LTD**

BOARD OF DIRECTORS

Mr. K.S. Sripathi, IAS,
Chief Secretary, Government of Tamil Nadu
Secretariat, Chennai 600 009.

Chairman

Mr. K. Gnanadesikan, IAS
Principal Secretary to Government,
Finance Department
Secretariat, Chennai 600 009

Mr.K.Deenabandu, IAS
Principal Secretary to Government,
MA & WS Department
Secretariat, Chennai 600 009

Mr. R.Sellamuthu, IAS
Principal Secretary to Government,
Housing and Urban Development Department
Secretariat, Chennai 600 009

Mr. R. Kannan,
21, Parthasarathypuram, North Usman Road,
T.Nagar, Chennai 600 017

Mr K. Bharathan,
National Head -Govt.Solutions Group & Liability
ICICI Lombard General Insurance Co. Ltd
Chotabhai Centre, 3rd Floor,
140, Nungambakkam High Road,
Nungambakkam, Chennai - 600 034

Mr. L.Krishnan,
Chief Executive Officer, IL & FS Urban Infrastructure
Managers Limited
Karumuttu Centre, III Floor, South Wing,
498, Anna Salai, Chennai 600 018.

Mr.Mathew Joseph,
Regional Manager, (T.N & Kerala)
HDFC Limited
ITC Centre, 760, Anna Salai,
Chennai - 600 002.

Bankers

Indian Bank
Clock Tower Branch
Chennai 600 014.

Auditors

M/s. Philipos, Sampath & Kumar
Chartered Accountants, Chennai

Registered office

Vairam Complex, First Floor,
112, Thegaraya Road, T. Nagar, Chennai 600 017.
Phone : (044) 28153103, 28153104, 28153105 Fax: (044) 28153106