

N.MOHAN KUMAR & COMPANY
Chartered Accountants

401, Rohiwal Windsor Apartments,
 5-10-197/2, Hill Fort Road,
 Saifabad, Hyderabad – 500 004.
 Office Phone No.30221973,
 Mobile No.9348468967
 email:vvr6 @ rediffmail.com.

Date : 11 .07 .2011

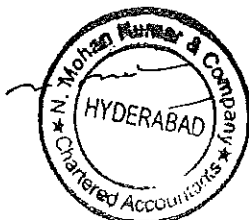
To
 The Member Secretary,
 M/s. Andhra Pradesh Pollution Control Board
 HYDERABAD

AUDIT REPORT

We have audited the attached statement of Receipts & Payments and the statement of Income & Expenditure for the period ended 31st March, 2011 and the Balance Sheet as on that date of M/S Andhra Pradesh Pollution Control Board pertaining to the " Capacity Building for Industrial Pollution Management Project " under IBRD loan No.7924-IN and IDA Credit No.4755-IN. These Financial Statements are the responsibility of the Board's Management. Our responsibility is to express our opinion on these Financial Statements based on our audit. We have conducted the audit as per the agreed Accounting Procedures and in accordance with the consistently applied Accounting Standards . These Standards require that we plan and perform our audit to obtain a reasonable assurance whether the financial statements are free of material misstatements and whether there are any material deviations from these standards. Our Audit includes examining on a test basis ,evidence supporting the amounts and the disclosures made in the financial statements . We believe that our audit provides a reasonable basis for our opinion.

We have verified the Grants –in- Aid received by M/S Andhra Pradesh Pollution Control Board under the Project and the utilization thereof as seen from the books of accounts , records and other documents produced before us. In our opinion and to the best of our knowledge and belief and as per the explanations offered to us we report that :

- A . The Balance Sheet (Statement of Affairs) with notes thereon gives a true and fair view of the state of affairs of the Board in so far as it relates to the Project as at 31st March, 2011.
- B . The Statement of Income and Expenditure gives a true and a fair view of the excess of Income/ Grant over Expenditure of the Board to the tune of Rs.36891962/- in so far as it relates to the Project for the period ended 31st March, 2011.
- C . The Statement of Receipts and Payments gives a true and fair view of the transactions of the



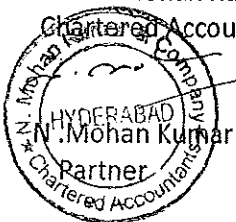
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Board in so far as it relates to the Project for the period ended 31st March, 2011.

- D . We have satisfied ourselves after thorough verification that the Unaudited Quarterly Financial Reports (UQFRS) on the basis of which withdrawals from the Grant have been made by the Board during the period under audit as submitted before us , together with the procedures and Internal Controls involved in their preparation can be relied upon to support the related withdrawals .
- E . We have satisfied ourselves after thorough verification and after due assessment of the Board's compliance with the provisions of the Letter of Agreement that the provisions thereof have been properly complied with by the Board , especially in relation to such provisions dealing with Accounting and financial matters including Inter -alia all the funds received and expended under the Project and that such funds have been utilized to procure goods and services in accordance with the Financial Agreements , with due attention to economy , efficiency and effectiveness and only for the purposes for which the Financing was made.
- F . We are of the opinion that the Expenditures charged to the project have been correctly classified and determined with reference to the Legal Agreement and that all necessary supporting documents, records and accounts have been properly kept in respect of all project activities and that clear linkages do exist between the accounting records including accounting books and the project financial statements and that there are no material deviations from the agreed Accounting procedures and consistently applied Accounting Standards in these Accounting records / Books and the project financial statements.
- G . We are of the opinion that the Six - monthly financial reports used as the basis for submission of withdrawal applications accurately reflect the expenditures incurred and activities undertaken under the project .
- H . Since this is the first year of operations , the question of reconciliation between the accumulated audited expenditure of the previous periods brought forward and the audited expenditure incurred during the year under audit does not arise.

For N . Mohan Kumar & Company
Chartered Accountants



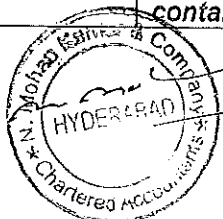
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ANDHRA PRADESH POLLUTION CONTROL BOARD
Capacity Building for Industrial Pollution Management Project
Audited Expenditure Statement for the period ended 31st March, 2011
With Component and Category wise Break up

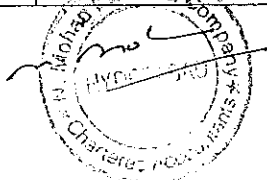
| | Cross reference | Component | Retro Active Period Expenditure from 1.4.2010 to 22.7.2010 Amount in Rs | Prospective Period Expenditure from 23-7-2010 to 31-3-2011 Amount in Rs | Total Expenditure including Retro Active Period & Prospective Period i.e., 1-4-2010 to 31.3.2011 Amount in Rs |
|-------|-----------------|---|---|---|---|
| | | Strengthening of Environmental Institutions: Building Capacity for addressing pollution remediation | | | |
| | 1 | <i>Strengthening of Environmental Institutions: Building Capacity for addressing pollution remediation</i> | | | |
| Goods | 1A2 | <i>Laboratory equipment</i> | | | |
| | | Total | | | |
| | 2 | Investments in Priority Remediation and Environmental Improvements: Rehabilitation of the abandoned contaminated sites | | | |



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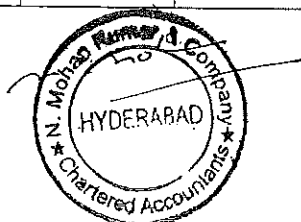
| | | | | | |
|----------|----------|---|-----------|-----------------|-----------------|
| Services | 2A1 | Remediation of Noor Mohammed HW Site | | | |
| Services | 2A1.1 | Detailed reassessment/ engr. Study, bid document prep., and supervision - Noor mohammad kunta | | | |
| services | 2A2.1 | Detailed reassessment/ engr. Study, bid document prep., and supervision in kadapa site | | | |
| | | Total | | | |
| | 3 | Project Management | | | |
| | | 312 Goods and Equipment (PM) | | | |
| Goods | 3A1 | Project Administration | | | |
| Goods | 3A1.2 | Office Furniture/AC | | | |
| Goods | 3A1.3 | Office equipment | | | |
| Goods | 3A1.3A | Desk Top Computers(10 Nos.) | | | |
| Goods | 3A1.3B | Laptop Computers(4Nos.) | | | |
| Goods | 3A1.3C | Printers (2 Nos.) | | | |
| Goods | 3A1.3D | LCD Projector | | | |
| Goods | 3A1.3E | Photocopy Machines(Multi functional device) | | | |
| Goods | 3A1.4 | Stationery, supplies & miscellaneous | | 29700.50 | |
| Goods | 3A1.11 | Telephones & Internet (capital cost) | | | |
| | | Total | | 29700.50 | 29700.50 |
| | | 314 Incremental Operational Cost (PM) | | | |
| IOC | 3A1.5 | Books , Journals & Publications | | 565283.00 | |
| IOC | 3A1.6 | Steering Committee Meeting costs | | 20489.00 | |
| IOC | 3A1.7 | Vehicles & Transport including maintenance (Rent) | | 57205.00 | |
| IOC | 3A1.8 | TA & DA for PIU | 122882.00 | 388671.00 | |
| IOC | 3A1.10 | Website | | | |
| IOC | 3A1.12 | Telephones & Internet (recurring cost) | | | |
| IOC | 3A1.13 | Advertisements / Tender notifications | | 2798565.00 | |
| IOC | 3A1.14 | Procurement Committee & | | | |



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| | | | | | |
|----------|--------|---|------------------|-------------------|-------------------|
| | | costs | | | |
| IOC | 3A1.15 | Grievance Redressal Committee Meeting & Costs | | | |
| IOC | 3A2.14 | Technical Assistant (7 DEOs) | | 90323.00 | |
| IOC | 3A1.9 | Training of PIU Staff | | 141000.00 | |
| | | Total | 122882.00 | 4061536.00 | 4184418.00 |
| Services | 3A2 | Staff & consultants | | | |
| | | 311 Establishment/Consultancy Services (PM) | | | |
| Services | 3A2.1 | AP-PIU Project Director (Full time) | | | |
| Services | 3A2.2 | AP-CBIPM Cell Asst Env Engineer (Full time from APPCB) | | | |
| Services | 3A2.3 | AP-CBIPM Cell Chief Accts Officer (Part time from APPCB) | | | |
| Services | 3A2.4 | AP-CBIPM Cell Joint Chief Env Scientist (Part time from APPCB) | | | |
| Services | 3A2.5 | AP-CBIPM Cell Senior Env Engineer - MSW (Part time from APPCB) | | | |
| Services | 3A2.6 | AP-CBIPM Cell Joint Chief Env Engineer - Planning (Part time from APPCB) | | | |
| Services | 3A2.7 | AP-CBIPM State Project Director - Member-Secretary (Part time from APPCB) | | | |
| Services | 3A2.8 | AP-CBIPM Cell Coordinator - Spl / Addl Secretary (Part time from APPCB) | | | |
| Services | 3A2.9 | AP-Noor Mohammed Kunta - Exec Engineer (Full time) | | | |
| Services | 3A2.10 | AP-Noor Mohammed Kunta - Dy Exec Engineer (Full time) | | | |
| Services | 3A2.11 | AP-Kadapa - Asst Engineer - (Full time) | | | |
| Services | 3A2.12 | AP-Kadapa - Social Organizer (Full time) | | | |
| Services | 3A2.13 | Technical Consultant | | | |



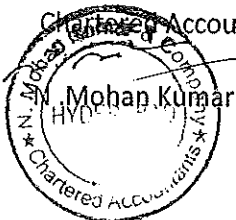
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| | | | | | |
|----------|--------|---|------------------|-------------------|-------------------|
| Services | 3A2.15 | Monitoring and Evaluation Specialist | | | |
| services | 3A2.16 | Procurement Specialist - (Part time APPCB) | | | |
| services | 3A2.17 | Procurement Assistant - Consultant | | 60000.00 | |
| services | 3A2.18 | FM Specialist - Consultant (Accounts Officer) | | 180114.00 | |
| services | 3A2.19 | FM Assistant - (Accountant) | | 35806.00 | |
| services | 3A2.20 | Environment and Social Specialist-Consultant | | | |
| services | 3A2.21 | Communicational Specialist-Consultant | | | |
| | | Total | | 275920.00 | 275920.00 |
| | | Advances | | | |
| | | Misc Advance | | | 130000.00 |
| | | Imprest Advance | | | 10000.00 |
| | | Total | | | 140,000.00 |
| | | Grand Total | 122882.00 | 4367156.50 | 4630038.50 |

| | |
|---|-------------------|
| Prospective Expenditure from 23-7-2010 to 31-3-2011 | 4367156.50 |
| Retro active Expenditure from 1-4-2010 to 22-7-2010 | 122882.00 |
| Total Expenditure | 4490038.50 |
| Advances | 140000.00 |
| Total Expenditure including Advances | 4630038.50 |

For N. Mohan Kumar & Company
Chartered Accountants



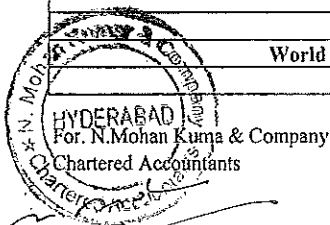
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State Project Director
Member Secretary,
A.P. POLLUTION CONTROL BOARD,
Paryavara Bhavan, A3, Industrial Estate
Sanath Nagar, Hyderabad - 500 018.

ANNEX IV

Audited Financial Report
ANDHRA PRADESH POLLUTION CONTROL BOARD
 Report for the Period from 01-04-2010 to 21-07-2010 (Retroactive)
 IBRD LOAN NO. 7924-IN/IDA FINANCING NO.4755-IN

(Amount in Rs Lakhs)

| Particulars | For the Period 01/04/2010 to 21/07/2010 (Retroactive) | Cumulative | |
|---|--|---|--------------------------------------|
| | | Year till date Financial Year 2010-11 | Project till date upto March 2011 |
| Sources | | | |
| State Government Funds | | | |
| Government of India Funds | | | |
| Other Source (Bank interest) | | | |
| Total Sources | | | |
| 1 Strengthening of Environmental Institutions: Building Capacity for addressing Pollution remediation | | | |
| A. Technical Support | | | |
| i. Goods | | | |
| ii. Services | | | |
| iii. Incremental Operating Costs | | | |
| B. Laboratory equipment | | | |
| i. Goods | | | |
| C. Environmental Compliance Assistance Centre | | | |
| i. Works | | | |
| ii. Goods | | | |
| iii. Services | | | |
| iv. Incremental Operating Costs | | | |
| v. Training and Workshop | | | |
| D. Training | | | |
| i. Training and Workshop | | | |
| E. Upgrading Information Management Systems | | | |
| i. Goods | | | |
| ii. Services | | | |
| iii. Incremental Operating Costs | | | |
| 2 Investments in Priority Remediation and Environmental Improvements: Rehabilitation of abandoned contaminated sites | | | |
| A. Remediation of Hazardous Waste Site | | | |
| i. Works | | | |
| ii. Goods | | | |
| iii. Services | | | |
| B. Remediation of Municipal Solid Waste Site | | | |
| i. Works | | | |
| ii. Goods | | | |
| iii. Services | | | |
| 3 Project Management | | | |
| A. Establishment / Consultancy Services | | | |
| B. Goods and Equipments | | | |
| C. Domestic / Abroad Training / Study Tour | | | |
| D. Incremental Operating Costs | 1.23 | 1.23 | 1.23 |
| E. Monitoring and Evaluation | | | |
| Sub total | 1.23 | 1.23 | 1.23 |
| Total (1+2+3) | 1.23 | 1.23 | 1.23 |
| World Bank Share (85%) | 1.05 | 1.05 | 1.05 |
| State Share (15%) | 0.18 | 0.18 | 0.18 |



N.Mohan Kumar
Partner.

[Signature]
 Member Secretary,
 State Project Directorate, POLLUTION CONTROL BOARD,
 Paryavaran Bhavan, A3, Industrial Estate

ANNEX IV

Audited Financial Report
ANDHRA PRADESH POLLUTION CONTROL BOARD
 Report for the period from 22-7-2010 to 31-3-2011
 IBRD LOAN NO. 7924-IN/IDA FINANCING NO.4755-IN

(Amount in Rs Lakhs)

| Particulars | For the Period 22/07/2010 to 31/03/2011 (Retroactive) | Cumulative | |
|---|--|--|--------------------------------------|
| | | Year till date Financial Year 2010- 11 | Project till date Upto March 2011 |
| Sources | | | |
| State Government Funds (15%) | 74.82 | 74.82 | 74.82 |
| Government of India Funds (85%) | 339.00 | 339.00 | 339.00 |
| Other Source (Bank interest) | - | - | - |
| Total Sources | 413.82 | 413.82 | 413.82 |
| Expenditures by Component | | | |
| 1 Strengthening of Environmental Institutions: Building Capacity for addressing Pollution remediation | | | |
| A. Technical Support | - | - | - |
| B. Laboratory equipment | - | - | - |
| C. Environmental Compliance Assistance Centre | - | - | - |
| D. Training | - | - | - |
| E. Upgrading Information Management Systems | - | - | - |
| Sub Total 1 | - | - | - |
| 2 Investments in Priority Remediation and Environmental Improvements: Rehabilitation of abandoned contaminated sites | | | |
| A. Remediation of Hazardous Waste Site | - | - | - |
| B. Remediation of Municipal Solid Waste Site | - | - | - |
| Sub Total 2 | - | - | - |
| 3 Project Management | | | |
| A. Establishment / Consultancy Services | 2.76 | 2.76 | 2.76 |
| B. Goods and Equipments | 0.30 | 0.30 | 0.30 |
| C. Domestic / Abroad Training / Study Tour | - | - | - |
| D. Incremental Operating Costs | 40.61 | 41.84 | 41.84 |
| E. Monitoring and Evaluation | - | - | - |
| Sub total 3 | 43.67 | 44.90 | 44.90 |
| Total (1+2+3) | 43.67 | 44.90 | 44.90 |
| World Bank Share (85%) | 37.12 | 38.17 | 38.17 |
| State Share (15%) | 6.55 | 6.73 | 6.73 |

For, N. Mahan Kumar & Company
 Chartered Accountants

HYDERABAD

N. Mahan Kumar
 Partner

(Signature)

Member Secretary,
 State Pollution Control Board,
 Paryavaran Bhavan, A3, Industrial Estate
 P. O. Dhanu Varahi, Hyderabad - 500 029

CBIPMP-A.P.POLLUTION CONTROL BOARD
CAPACITY BUILDING FOR INDUSTRIAL POLLUTION MANAGEMENT PROJECT
SANATHNAGAR, HYDERABAD-500 018
Statement of Receipts for the period ended 31st March, 2011

| RECEIPTS | in Rs. | PAYMENTS | in Rs. |
|---------------------|-----------------|--|-----------------|
| Opening Balance | 1000 | Establishments&Consultancy Services | 275920 |
| CBIMP Central Share | 33900000 | Incremental Operational costs | 4184418 |
| CBIMP State Share | 7482000 | Goods & Equipment(Stationary supplies and Misc.) | 29700 |
| | | Miscellaneous Advance | 130000 |
| | | Imprest Advance | 10000 |
| | | Closing Balance | 36752962 |
| | 41383000 | | 41383000 |

As per Our Audit Report of Even Date

For N MOHAN KUMAR&COMPANY
Chartered Accountants



Date : 11 /07 /2011

[Handwritten Signature]
State Project Director
Member Secretary,
A.P. POLLUTION CONTROL BOARD,
Paryavara Bhavan, A3, Industrial Estate
Sanath Nagar, Hyderabad - 500 018.

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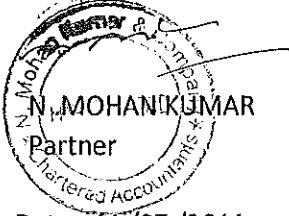
CBIPMP-A.P.POLLUTION CONTROL BOARD
CAPACITY BUILDING FOR INDUSTRIAL POLLUTION MANAGEMENT PROJECT
SANATHNAGAR, HYDERABAD-500 018

STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD ENDED 31 ST MARCH, 2011

| EXPENDITURE | in Rs. | INCOME | in Rs. |
|---|-----------------|---------------------|-----------------|
| Goods & Equipment (Stationary supplies and Misc.) | 29700 | CBIMP Central Share | 33900000 |
| Establishment and Consultancy Services | 275920 | CBIMP State Share | 7482000 |
| Incremental Operational Cost | 4184418 | | |
| Excess Of Income Over Expenditure | 36891962 | | |
| | 41382000 | | 41382000 |

As per Our Audit Report of Even Date

For N MOHAN KUMAR & COMPANY
Chartered Accountants



Date : 11/07/2011

[Handwritten Signature]
State Project Director

Member Secretary,
A.P. POLLUTION CONTROL BOARD,
Paryavaran Bhavan, A3, Industrial Estate
Sanath Nagar, Hyderabad - 500 018.

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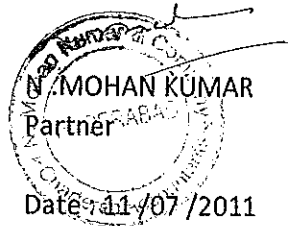
**CBIPMP-A.P.POLLUTION CONTROL BOARD
CAPACITY BUILDING FOR INDUSTRIAL POLLUTION MANAGEMENT PROJECT
SANATHNAGAR, HYDERABAD-500 018**

Balance Sheet As on 31/03/2011

| SOURCES OF FUNDS | in Rs. | APPLICATION OF RECEIPTS | in Rs. |
|---|-----------------|-------------------------|-----------------|
| Capital Fund introduced | 1000 | Imprest Advance | 10000 |
| Opening Balance | | Miscellaneous Advance | 130000 |
| Excess of Income over Expenditure during the year | 36891962 | Cash at Bank | 36752962 |
| | 36892962 | | 36892962 |

As per Our Audit Report of Even Date

For N MOHAN KUMAR & COMPANY
Chartered Accountants



State Project Director

Member Secretary,
A.P. POLLUTION CONTROL BOARD,
Paryocharana Bhavan, A3, Industrial Estate
Sanath Nagar, Hyderabad - 500 018.

12/7/11

ANNEX V
FORM GFR - 19A

UTILISATION CERTIFICATE

FOR THE SCHEME : CBIPM Project.

| Sl. No. | Letter No. and date | Amount |
|---------|--|---------------------------|
| 1. | Central Govt. share released on 01-01-2011 through R.T.G.S transfer to APPCB S.B.A/c.No.052610100025954 in Andhra Bank, Sanathnagar Branch, Hyderabad. | Rs. 3,39,00,000.00 |
| 2. | State Govt. share transferred by APPCB on 31-3-2011 through R.T.G.S to S.B.A/c.No.052610100025954 in Andhra Bank, Sanathnagar Branch, Hyderabad. | Rs. 74,82,000.00 |
| | TOTAL (1 + 2) | Rs. 4,13,82,000.00 |

Certified that out of Rs.339.00 lakhs (Central Share) of Grants -in-Aid released during the F.Y 2010-11 in favour of APPCB under the Department of Environment, Govt. of Andhra Pradesh through RTGS transfer dated 01.01.2011 given in the margin and Rs. NIL on account of unspent balance of the previous year, a sum of Rs.38.17 lakhs (Thirty Eight Lakhs Seventeen Thousand only) has been utilized for the purpose of Capacity Building for Industrial Pollution Management Project in Andhra Pradesh for which it was sanctioned and that the balance of 300.83 lakhs remaining unutilized at the end of the year will be adjusted towards the grant in Aid payable during the next financial year.

It is also certified that a sum of Rs.74,82,000/- (Seventy Four Lakhs Eighty Two Thousand only) being the State Share has also been contributed from the State Government / Board and Utilized Rs.6.73 Lakhs along with the Central Share of Rs.38.17 lakhs.

Certified that I have satisfied myself that the conditions, on which the grant-in-aid was sanctioned, have been duly fulfilled on that, and I have exercised the following Checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of Checks exercised:

1. Procurement procedure followed as per norms.
2. Any other check required as per Financial Guidelines.

For N.Mohan Kumar & Company
Chartered Accountants

N.MohanKumar
Partner.


State Project Director
Date: 11/07/2011

Member Secretary,
A.P. POLLUTION CONTROL BOARD,
Paryavaran Bhavan, A3, Industrial Estate
Sanath Nagar, Hyderabad - 500 018,

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12/7/11