

INFORMATION MEMORANDUM FOR PRIVATE PLACEMENT OF BONDS



CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

(Statutory Board of the Government of Tamil Nadu) Registered Office: No.1, Pumping Station Road, Chennai - 2. Tel Nos:- (044)28534444, 28534994, 28524388 Fax No. (044) 28531243, 28525544 Website: www.chennaietrowater.com, Email: cmwssb@md2.vsnl.net.in

PRIVATE PLACEMENT OF UNSECURED REDEEMABLE TAX FREE CMWSSB MUNICIPAL BONDS 2005 FOR Rs. 50 CRORES OF THE FACE VALUE OF RS.10,00,000/- EACH (IN THE NATURE OF PROMISSORY NOTES)

GENERAL RISKS

Investment in securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. For taking an investment decision the investors must rely on their own examination of the issuer and the offer including the risk involved. The securities have not been recommended or approved by the Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. Investors are advised to read the risk factors carefully before taking an investment decision in this offering.

ISSUER'S ABSOLUTE RESPONSIBILITY

The issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this offer document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in this offer document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

CRISIL has assigned AA (so) rating to the bond issue indicating high safety. The Rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning Rating Agency on the basis of new information. Each rating should be evaluated independent of any other rating.

LISTING

The Bonds are proposed to be listed on The Stock Exchange, Mumbai (**BSE**)

DEBENTURE TRUSTEES

Canara Bank has given their consent to CMWSSB for being appointed as Debenture Trustee for the present private placement of bonds.

<p>ADVISORS & SOLE ARRANGER Karvy Investor Services Limited "Karvy House",46, Avenue 4, Street No. 1,Banjara Hills, Hyderabad 500034 SEBI RegistrationNo.INM/000008365 Tel:+91 40 23374714/23320752 Fax: +91 40 23374714 E-mail: mbd@karvy.com</p>	<p>FACILITATED BY Tamil Nadu Urban Infrastructure Fin.Services Limited Vairams Complex, 112, Sir Thyagaraya Road, T.Nagar, Chennai – 17. Tel: +91 44 2815 3103 E-mail: systemadmin@tnudf.com</p>	<p>REGISTRARS AND TRANSFER AGENTS Cameo Corporate Services Limited, Subramaniam Building, No.1, Club House Road, Chennai – 600002 Tel: +91 44 28460390 Fax: +91 44 28460129 E-mail: cameo@cameoindia.com</p>

PLACEMENT OPENS ON	
PLACEMENT CLOSSES ON	
DEEMED DATE OF ALLOTMENT	



HIGHLIGHTS

- Premier state owned Water Supply Board & Government of Tamil Nadu undertaking.
- Formed under the separate Act of State legislature.
- Twenty five years in the service of citizens.
- Sound tariff policy, which is consistently maintained

ISSUE HIGHLIGHTS

- Tax Free Municipal Bonds in the nature of Promissory note
- Bonds will be issued in Demat form.
- Bond Issue carries high investment grade rating from CRISIL i.e. AA(SO)Stable
- Bonds are proposed to be listed on The Stock Exchange, Mumbai (BSE)
- Tax Free Yield of 5.20% p.a.

INDEX – TABLE OF CONTENTS

Contents	Page No.
DEFINITIONS/ ABBREVIATIONS USED	ii
RISK FACTORS & MANAGEMENT PERCEPTION	iii
I. GENERAL INFORMATION	1
II. CAPITAL STRUCTURE & SHARE HOLDING PATTERN	5
III. PARTICULARS OF THE PRESENT ISSUE	5
IV. TERMS OF THE PRESENT PLACEMENT	8
V. TAX BENEFITS	14
VI. MEMBERS OF THE BOARD & KEY PERSONNEL	14
VIII. FINANCIAL INFORMATION	19
VIII. MANAGEMENT DISCUSSION AND ANALYSIS	27
IX. OUTSTANDING LITIGATIONS	27
X. STATUTORY AND OTHER REGULATORY DISCLOSURES	28
XI. MAIN PROVISIONS OF THE CMWSS ACT, 1978	29
XII. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	31
XIII. DECLARATION	32
CRISIL CREDIT RATING	
GAZETTE NOTIFICATION	
APPLICATION FORM	

DEFINITION / ABBREVIATION USED

ACT :	C.M.W.S.S.ACT, 1978
BSE :	THE STOCK EXCHANGE, MUMBAI
CDSL:	CENTRAL DEPOSITORY SERVICES LIMITED
CRISIL:	CREDIT RATING INFORMATION SERVICES OF INDIA LTD.
CMA	CHENNAI METROPOLITAN AREA
CMWSSB/BOARD:	CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD/ CHENNAI WATER BOARD
DEMAT:	DEMATERIALIZED
NSDL :	NATIONAL SECURITIES DEPOSITORY LIMITED
NSE	THE NATIONAL STOCK EXCHANGE
RBI	RESERVE BANK OF INDIA
SEBI :	SECURITIES AND EXCHANGE BOARD OF INDIA
(so) :	STRUCTURED OBLIGATION



RISK FACTORS & MANAGEMENT PERCEPTIONS

INTERNAL FACTORS

A. Redemption Reserve: Creation of Redemption Reserve is not envisaged for the proposed issue of Bonds. The same is not required to be created vide General Circular 9/2002 clarification no. 6/3/2001-CL.V, Dated 18-04-2002 issued by Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India

B. Credit Risk: CMWSSB is into public service of supplying potable water and sewerage services. CMWSSB revenue stream is through collection of water tariff and other taxes as applicable for utilising public resources. Credit risk on the bond issue should be construed on the basis of tax allocation given by the Ministry of Finance, Government of India along with the ESCROW mechanism, which forms the basis of credit rating assigned to this Bond issue.

C. Market Risk: Increased interest rate volatility exposes CMWSSB to market rate risk arising out of maturity/ rate mismatches. CMWSSB is a public utility Government of Tamil Nadu undertaking for supply of potable water and sewerage activity. Revenue streams are subsidised. High rate of borrowing would inturn mean high cost of capital.

D. Credit Rating: CMWSSB has taken credit rating from CRISIL for amount of Rs. 50.00 Crores. CRISIL has assigned high investment grade rating i.e. AA(so) Stable (Double A Structured Obligation/Stable) to the current tax free bond issue. Copies of the rating letters along with rating rationale are enclosed under paragraph "Credit Rating/ (s)".

E. Asset Concentration: CMWSSB's asset base is spread in the operational jurisdiction of CMWSSB, which is now confined to about 192 Sq.Km.

F. Contingent Liabilities: i) Claims against the CMWSS Board not acknowledged as debt amounts to Rs.142.36 lakhs (67 cases) as on 31.3.2004, which are under litigation. Out of this, 3 cases involving Rs.81 lakhs are reported to be under arbitration. CMWSSB has engaged advisors to pursue with courts and solve the issues.

ii) Liabilities, pertaining to the periods prior to the Board's formation are not specifically provided for in the opening Balance Sheet for want of information, as on 31.3.2004. This is ongoing process and as and when independent items come to light, they would be accounted under the relevant account head of CMWSSB.

G. Pending Grievances: In respect of grievances from consumer to whom the CMWSSB serves, a 24-hour round-the-clock complaints cell is functioning at the head office. There are also complaints Redressal counters in each of the operational Area Offices. CMWSSB has a Citizen Charter – the content of which is adopted by CMWSSB for serving the people. In respect of grievances from employees, the personnel department initiates action on that.

There are no investor grievances pending with the Board as on Date.

H. Tax Liabilities: There is no overdue of tax liabilities of the Board. Tax deducted by CMWSSB from service contactors, suppliers and employees remitted within the time stipulated. CMWSSB is exempt entity under Income Tax Act as well as Sales Tax Act.

I Overdues: There are no overdues and outstanding payment or debt obligations with CMWSSB as on date.

J. Nature of Bonds: Bonds are Redeemable, non-convertible and are in the nature of promissory notes. The bonds are offered in DEMAT form. Transfer of these bonds will be as per the Depository Rules.



EXTERNAL FACTORS

A. Government policies:

Government Policies on tariff may affect the revenues of the Board to a certain extent. Government Of Tamil nadu has accorded autonomy to the CMWSSB to revise the tariff for water charges.

B. Water is a natural resource.

It is highly dependent on rains and monsoons. Any decrease in the monsoon level will put a high pressure on ground water, which results in poorer quality and hence capital outlay to avoid the same. To obviate such a contingency, CMWSSB has undertaken water augmentation projects.

NOTES

1. Allotment against all valid applications for the CMWSSB Bonds will be made on a full and firm allotment basis.
2. CMWSSB has appointed Canara Bank to act as debenture trustee to the Bondholders. CMWSSB and the Trustees will enter into a Trustee Agreement, specifying inter alia, the powers, authorities and obligations of the Trustees and CMWSSB. The bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized official to do all such acts, deeds matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the bondholders.
3. The net worth of CMWSSB as per provisional figures available on December 31, 2004 was Rs. 1176.06 Crores.
4. The financial information as contained in the Auditor's report for the year ending 31st March' 2004 have been duly audited by CMWSSB Auditors.





I. GENERAL INFORMATION

CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD
(Statutory Board of the Government Tamil Nadu)
Registered Office: No.1, Pumping Station Road, Chennai - 2.
Board Nos.: (044) 28534444, 28534994, 28524388
Fax No : (044) 28531243, 28525544
Website: www.chennaietrowater.com, Email: cmwssb@md2.vsnl.net.in

INDUSTRY AND BUSINESS OF THE BOARD

The Government of Tamil Nadu has a monopoly over the lakes and the other natural water bodies in Tamil Nadu. This gives CMWSSB an edge over the private players. CMWSSB is formed by a separate Act of the State Legislature with the main objectives to promote and secure the planned development, efficient operation, maintenance and effective regulation of water supply and sewerage system in the Chennai Metropolitan areas to undertake development activities with a view to meet the future requirements of water supply and sewerage in the Chennai Metropolitan Area.

TERMS OF THE INSTRUMENT

(Rs. in Crores)

NATURE OF BONDS	UNSECURED REDEEMABLE TAXFREE MUNICIPAL BONDS 2005 PRIVATE PLACEMENT FOR RS. 50 CRORES
DENOMINATION (Rs. Per Bond)	Rs. 10,00,000/-(Face Value)
RATING	AA (so/ Stable) by CRISIL
TENURE	7 years.
REDEMPTION	Six semi annual installments in 5 th , 6 th and 7 th years.
COUPON RATE	Payable semi annually yielding 5.20% p.a.
TAX BENEFITS	Interest is TAXFREE as per enclosed notification by the Government of India.
INTEREST PAYMENT	Semi annually, the first payment will be made on December 31 st 2005.
MINIMUM APPLICATION	Application should be for a minimum of 1 Bond.
APPLICATION MONEY	100% of total value of Bonds applied
INTEREST ON APPLICATION MONEY	Interest shall be payable at the coupon rate from the date of realization of cheques/Draft till one day prior to the deemed date of allotment



SUMMARY OF FINANCIAL INFORMATION:

INCOME AND EXPENDITURE

	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
INCOME					
	(Rupees in Crores)				
Total	351.45	250.18	283.51	248.06	207.01
EXPENDITURE					
Maintenance (O&M)	44.86	48.71	30.77	32.00	35.25
Payments & Provision to Employees	50.50	53.47	50.64	52.57	52.88
Office Admn. Expenses	2.96	2.87	2.51	3.26	3.94
Prior Period Adjustment	0.00	3.55	4.99	6.08	2.03
Water Lorry Hire Charges	9.69	9.27	7.39	23.87	9.20
Drought Expenditure	108.39	8.02	82.69	5.18	0.00
Depreciation	53.37	48.73	44.20	38.25	27.04
Debt. Service Charges	78.43	66.84	56.15	53.88	49.33
Provision for Doubtful Debts					
Water Charges Unmetered	1.16	0.10	0.69	0.54	0.24
Water charges Metered	0.00	1.04	0.81	0.00	0.00
Taxes	0.18	0.00	1.17	2.50	1.60
Excess of Income over Expenditure	1.91	7.58	1.50	29.93	25.50
Total	351.45	250.18	283.51	248.06	207.01



BOARD OF DIRECTORS

The Board of Directors are appointed by the Government, as per the Act. The Board comprises of eight Directors namely,

1. Thiru K.P. Anbalagan
Hon'ble Minister for Information & Publicity and Local Administration Department and
Chairman
2. Tmt.C.K.Gariyali IAS
Secretary to Government,
MAWS Department
3. Thiru. N.Narayanan IAS
Secretary to Government
Finance Department
4. Thiru M.P.Vijayakumar IAS
Commissioner,
Corporation of Chennai
5. Thiru S. Karuthia Pandain IAS
TWAD Board,
Chennai
6. Thiru V.Thangavelu IAS.
Managing Director.
7. Thiru S.Ranganathan
Engineering Director
8. G. Santhanam, IAS. Member-secretary, CMDA

CHAIRMAN/MANAGING DIRECTOR

The Chairman is a minister for Local Administration, appointed by the Government of Tamil Nadu. Managing Directors are appointed by the Government. The incumbent should be an Indian Administrative Services (IAS) officer. Currently, Thiru V.Thangavelu is the Managing Director of the Board.

INTEREST OF DIRECTORS

Except as stated elsewhere in the Offer document, there are no contracts entered into by the Board in which the Directors are interested directly or indirectly or in respect of which payments have been/proposed to be made in the last two years from the date of this Offer document. None of the Directors of the Board is interested in the promotion of the Board or in any property acquired or proposed to be acquired by the Board. All the Directors of the Board are or may be deemed to be interested to the extent of remuneration, sitting fees for attending Board Meetings and reimbursement of expenses, if any payable to them. No Director is interested or connected with the present issue of Bonds except in so far as he may be allotted Bonds of this issue in case he decides to subscribe thereto.

CREDIT RATING

CRISIL has assigned a rating of 'AA(so)Stable' (Pronounced Double A so/Stable) for an amount of Rs. 50.00 Crores vide letter No.SKR/CMWSSB/RS/797 dated March 21, 2005. to the bond/(s) programme indicating the high degree of safety with regard to timely payment of interest and principal along with the 'Structured Obligation' by ensuring ESCROW mechanism regarding timely fulfillment of the debt obligation.

UNDERWRITING

The present issue is not underwritten.

LISTING

The Bonds are proposed to be listed on The Stock Exchange, Mumbai (**BSE**)



TRUSTEE

Canara Bank has given their consent to CMWSSB for being appointed as Debenture Trustee for the present private placement of bonds.

PLACEMENT PROGRAMME

The issue will open at the commencement of banking hours on and will close at the closure of the banking hours on

INTERMEDIARIES

ADVISORS & SOLE ARRANGER Karvy Investor Services Limited "Karvy House",46,Avenue 4, Street No. 1,Banjara Hills, Hyderabad 500034 SEBI RegistrationNo.INM/000008365 Tel: +91 40 23374714/23320752 Fax: +91 40 23374714 E-mail: mbd@karvy.com	FACILITATED BY Tamil Nadu Urban Infrastructure Fin.Services Limited Vairams Complex, 112, Sir Thyagaraya Road, T.Nagar, Chennai – 17. Tel: +91 44 2815 3103	REGISTRARS AND TRANSFER AGENTS Cameo Corporate Services Limited, Subramaniam Building, No.1, Club House Road, Chennai – 600002 Tel: +91 44 28460390 Fax: +91 44 28460129
DEBENTURE TRUSTEES Canara Bank Debenture Trust Department, E.T & T Section 51. Stock Exchange Towers, P.O Box No. 27047 I Cross, J C Road, Bangalore Telephone: 080 22223170	AUDITORS TO THE ISSUE M.Thomas & Co., Chartered Accountants Flat No.G-11,Marina Square,27, Santhome High Road, Mylapore , Chennai 600 004 Phone 24941878, 24958043	AUDITORS FOR LIMITED REVIEW R.Palanivelu & Company Chartered Accountants No. 17/1, (Old No. 8/1) Sarojini Street T.Nagar, Chennai 6000017, Telephone: 044-4341978 & 044-4344235
RATING AGENCY CRISIL Limited Hindustan Times Bldg, 9th Floor, 18-20, Kasturba Gandhi Marg, NEW DELHI - 110 001. PHONE +91 (11) 2372 1603 FAX +91 (11) 2372 160	COMPLIANCE OFFICER C.Munianathan Board Secretary Cum General Manager Chennai Metropolitan Water Supply And Sewerage Board (Statutory Board of the Government Tamil Nadu) Registered Office: No.1, Pumping Station Road, Chennai - 2. Tel Nos:- (044)28534444, 28534994, 28524388 Fax No. (044)28531243, 28525544 Website: www.chennaietrowater.com , Email: cmwssb@md2.vsnl.net.in	BANKERS TO THE ISSUE CANARA BANK Circle Office, Chennai 563/1, Anna Salai, Teynampet Chennai – 600 018 Telephone: 044 – 24349731 FAX 044-24323722

Investors may contact the Compliance Officer in case of any pre – issue or post – issue related problems.



II. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

CAPITAL STRUCTURE (As on 31st December 2004)

(Rs. In Crores)

PARTICULARS	AMOUNT	AMOUNT
(A) GOVERNMENT CONTRIBUTION	458.00	
(B) GOVERNMENT GRANT	499.37	
(C) RESERVE & SURPLUS	218.69	
NET WORTH		1176.06
(D) LOAN FUNDS		
LONG TERM LOANS	1441.92	
CURRENT LIABILITIES	507.89	
(E) DEFERRED CREDITS & DEPOSITS	200.31	

NOTES :

- (1) The Directors / CMWSSB have not entered into standby or similar arrangements for the present bond issue.
- (2) CMWSSB has not raised any bridge loan or any other similar financial arrangement, the amount of which would be repaid out of the proposed issue of unsecured Non Convertible Redeemable tax free bonds in the nature of promissory notes.
- (3) CMWSSB is in the business of providing water supply and sewerage disposal services for the Chennai City. Therefore, CMWSSB may borrow funds through private placements for its operations and project development and implementation.

SHAREHOLDING PATTERN AS ON DATE

The Board is entirely owned by the Government of Tamil Nadu.

CONTRIBUTION FROM GOVERNMENT

In the form of Contribution and Grants from Government - Rs. 957.37 Crores till date.

III. PARTICULARS OF THE PRESENT ISSUE

A brief information on the project for which the borrowing is made is given below:

The Government of Tamil Nadu, in G.O.(3D) No.74, MA&WS Dept, dated 2.8.1996 have accorded administrative approval for the Project of Construction of 530 mld Water Treatment Plant at Chembarambakkam and allied works and laying clear water transmission main from Chembarambakkam to Porur at an estimated cost of Rs.220.00 crore Chembarambakkam to porur so as to draw water from the Chembarambakkam Reservoir, treat and supply to City.

- 1.1 Water supply system to Chennai City was installed as early as 1870 and the protected water supply system with slow sand filters was commissioned in 1914. This water supply system was improved and expanded in the last 135 years. At present, water supply to Chennai city is maintained with three surface storage reservoirs (Poondi, Cholavaram and Redhills) having a combined storage of about 7640 million cubic feet (mcft) and six ground water aquifers in Araniyar and Kortalaiyar basins. The New Veeranam scheme was added in the year 2004 with 180mld capacity.



1.2 The Chennai Metropolitan area (CMA) comprises of 1178 sqkm with four municipalities, twenty three Town Panchayats, five satellite town ships, villages and Chennai city of 170 sqkm. The Master Plan of water supply and sewerage for Chennai city and other areas of CMA was initially prepared in the year 1978 and updated in the year 1991 and further updated in the year 1997. The requirement of water in the year 2005 is about 1267 mld and the demand for CMA in the year 2011 is 1481 mld and in the year 2021 is 1763 mld.

1.3 In order to augment water supply, an agreement was drawn with the Andhra Pradesh Government to supply about 12mcf of water per annum at the Tamilnadu border. The water will be conveyed to the City drinking water lakes viz Poondi, Cholavaram, Redhills and Chembarambakkam. The Chembarambakkam lake is one of the major lake in Tamil Nadu having a water spread area of 165sqkm and a storage capacity of 3645mcf. Water from Krishna water source as well as local catchment's area water will be utilized for CMA. A Water treatment plant (WTP) of capacity 530mld is being constructed near Chembarambakkam lake to utilise the water from Chembarambakkam lake.

2. Necessity of the 530mld WTP at Chembarambakkam

The present water treatment capacity available for Chennai City at present is 570mld comprising 300mld at Redhills and 270mld at Kilpauk. Against the expected availability of about 1370 mld (930mld from Krishna source and 440mld from other sources) a WTP of 530mld capacity (output) is being constructed at Chembarambakkam that is situated 20km south west of Chennai city. The raw water for the proposed WTP shall be drawn from the Chembarambakkam lake, which shall be fed by a link canal from Poondi reservoir, drawing water from Kandaleru reservoir in Andhra Pradesh, besides its own catchment.

3 Functions of the 530mld WTP

3.1 The functions of the WTP includes 1) To receive 564 mld of raw water from Chembarambakkam lake through a New Intake Tower to the raw water pump house 2) To pump 564 mld of raw water to the WTP through the raw water transmission mains 3) To treat 564 mld of raw water to produce 530 mld of treated water at the WTP and 4) To pump 530 mld of water to the distribution network.

4. Components of the 530mld WTP Project

4.1 The 530mld water treatment project at Chembarambakkam consists of three major components viz., a) New Intake Tower and allied works at Chembarambakkam lake (Item wise rate Contract carried out by Tamilnadu PWD) b) Water treatment plant and associated works at Chembarambakkam (Turnkey Contract) and c) Transmission main from WTP to Porur junction / Koyambedu junction (Item wise rate contract).

5. New Intake Tower and allied works

To draw the required quantity of raw water from the lake, an Intake Tower has been constructed at the deepest part of the Chembarambakkam lake. There are 7 nos of inlets each of size 2.2m X 1.2m at levels varying from +19.20m to + 24.00 m. The Intake Tower is capable of permitting drawal of 675mld of water. Water will be drawn and let into a raw water sump for being pumped into the water treatment plant.

6.1 Scope of the 530mld WTP and associated works

The scope includes 1) Design, construction and testing of the Civil Engineering works 2) Design, supply, erection, testing and commissioning of the Mechanical, Electrical and Instrumentation equipment for the Plant and 3) Operation and Maintenance of the Plant continuously for 7 years.

6.2 Major units of the WTP

The major units of the WTP are : 1) Raw Water Reservoir, Raw water Pumping Station, and Raw water transmission main upto the WTP, 2) Cascade Aerator, 3)Distribution chamber (2 Nos),4) Pulsator clarifiers (8 Nos.), 5)Filters (22 Nos.), 6)Filter annex building, 7) Chlorine contact tank, 8) Treated water tank, 9) Treated water pumping station & Transmission main upto the main road, 10) Clarifier sludge balancing tanks, 11) Wash water recovery tanks (2 Nos.), 12) Sludge Thickeners (3 Nos.), 13) Sludge dewatering building, 14) Pre-post chlorination building, 15) Lime building, 16) Chemical building, 17) Residential Quarters for operating staff, 18) Transformer sub station, 19) Administration building, 20) Overflow collection tank, and 21) Rain water-harvesting structures

6.3. Advantages of French Technology - Pulsator Clarifier

The state of the art Pulsator Clarifier and Aquazur Filter will be used in the WTP producing excellent treated water quality. The treated water turbidity will be less than 1NTU. The wastage of water inside WTP will be very minimum. The Pulsator Clarifier of sludge blanket type where the coagulation will take place in the raw water feed pipe, flocculation will take place in the sludge blanket and clarification will take place using the sludge blanket as a filtration media. In order to keep the sludge blanket under suspension in a homogeneous state for



raising the water level in vacuum chamber for 20 to 40 seconds and for the water drop in the vacuum chamber for 5 to 20 seconds, vacuum blowers will be used. Hence the water will be raising and falling in the Pulsator at a predetermined circle so that sludge will not settle at the bottom due to this Pulsation effect but will overflow into the Concentrators.

7. Transmission main to Koyambedu / Porur

For the third part viz Supplying, laying, jointing, testing and commissioning of 2025mm (ID) MS spirally welded pipe line from Chembarambakkam water treatment plant to Porur junction and Vanagaram junction and 1925mm (ID) MS spirally welded pipe line from Vanagaram junction to Koyambedu junction, the work order for the transmission main contract was issued on 14.5.2004 to the lowest quoted bidder, M/s.Subash Projects Ltd. Bangalore for a contract value of Rs.71.98 crores. However the above successful bidder refused to take up the work by seeking price escalation (which is against the tender condition and Tender Transparency Act provision) filed a writ petition in the Madras High Court and obtained a stay, restraining CMWSS Board from invoking the Bank guarantee for a value of Rs.43.80 lakhs furnished by them towards Earnest Money Deposit (EMD). CMWSS Board has recently vacated the stay and fresh tenders are being called for. The works will be commenced and the probable date of completion of the pipeline project will be June 2006.

The object of the issue is to construct the 530 MLD Water Treatment Plant at Chembarambakkam at an estimated cost of Rs.220.00 crore. The details of the funding pattern of this project is as follows:

- French Aid Rs. 28.00 crore
- Tufidco Rs. 100.00 "
- Tax Free Bond Rs. 50.00 "
- Financial Instn. Rs. 42.00 "

SCHEDULE OF IMPLEMENTATION

Nature of work	Mar '05	Apr '05	May '05	June '05	July '05	Aug '05	Sep '05	Oct '05	Nov '05	Dec '05	Jan '06	Feb '06	Mar '06	Apr '06	May '06	Jun '06
Design, build and operate WTP at Chembarambakkam																
Physical progress (%)	53.27	57	62	67	71	76	80	89	95	100						
Financial progress (Rs. In crores)	57	4	5.35	4.8	4.85	5.35	4.25	--	--	21.4						
Laying transmission main from Chembarambakkam to Porur-vanagaram junction																
Physical progress (%)					5	10	17	21	24	28	38	50	62	74	89	100
Financial progress (Rs. In crores)					5.25	5.25	7.35	4.2	3.15	4.2	10.5	12.6	12.6	12.6	14.75	10.55



IV. TERMS OF THE PRESENT PLACEMENT

TERMS AT A GLANCE

(Rs. in Crores)

INSTRUMENT	NON-CONVERTIBLE REDEEMABLE TAXFREE MUNICIPAL BONDS 2005 PRIVATE PLACEMENT FOR RS. 50 CRORES ONLY.
DENOMINATION (Rs. Per Bond)	Rs. 10,00,000/-(Face Value)
RATING	AA (so) by CRISIL
TENURE	7 years.
REDEMPTION	Six semi annual installments in 5 th , 6 th and 7 th years.
COUPON RATE	Payable semi annually yielding 5.20% p.a.
TAX BENEFITS	Interest is TAXFREE as per enclosed notification by the Government of India.
INTEREST PAYMENT	Semi annually
MINIMUM APPLICATION	Application should be for a minimum of 1 Bond.
APPLICATION MONEY	100% of total value of Bonds applied
INTEREST ON APPLICATION MONEY	Interest shall be payable at the coupon rate from the date of realization of cheques/Draft till one day prior to the date of allotment

NATURE OF BONDS

The Bonds are in the nature of Promissory Notes and are unsecured

MINIMUM SUBSCRIPTION

The provisions as to minimum subscription are not applicable to the issue and as per SEBI Guidelines. CMWSSB would be free to retain any amount received in the issue or may reduce the issue size depending on the circumstances and markets.

MARKET LOT

The market lot will be one Bond and in multiples of one bond thereafter.

INTEREST ON APPLICATION MONEY

Interest shall be payable at the coupon rate from the date of realization of cheques/Draft till one day prior to the deemed date of allotment. Interest is payable on all valid applications. The interest warrants will be dispatched by registered post at the sole risk of the applicant, to the sole/first applicant. No interest on application money would be payable in cases of invalid applications.



DEEMED DATE OF ALLOTMENT

.....shall be the deemed date of allotment of the Bonds. All the benefits under the bonds will accrue to the investor from this date even though the actual allotment may take place on a date other than the specified deemed date of allotment.

COMPUTATION OF INTEREST

The first interest payment shall be made on **31st December 2005** based on actual number of days from the date of allotment divided by actual number of days in a year.

Subsequently interest payment will be made on **30th June** and **31st December** of every year at the coupon rate on the principal outstanding from the last interest payment date till the date before the correct interest payment date, upto the date of redemption. The calculation will be based on the number of days in a year, as denomination. The method of interest will be simple interest

INTEREST PAYMENTS

The cheques for the interest payment will be issued to the Registered Bondholder before the due date for payment of interest. These cheques will be valid for a period of three months from the date of cheques. In the event of its non-encashment within this period, CMWSSB shall revalidate said cheques on receipt of request from registered bondholders.

On the Interest payment date, interest would be paid by cheques / Pay orders etc. to those bondholders whose names appear on the list of beneficial owners given by the depository to CMWSSB. These names would be as per the depository's record date/book closure date fixed for the purpose of interest payment. Interest will be paid to the bond holders whose names appear in the Register of Bond Holders as on the record date to be fixed by CMWSSB for this purpose from time to time.

FORM & DENOMINATION

CMWSSB will issue a Bond Certificate for the Bonds allotted to the investors in dematerialised form only. The applicant may rematerialize their holding in market lots (1Bond) or in other denominations by specifying the same in the Re-materialisation Request Form (RRF).

CMWSSB Shall not take any responsibility for Re-materialisation.

TRANSFERABILITY OF BONDS

The Bonds would be freely tradable and transferable on the wholesale debt market segment of The Stock Exchange, Mumbai (BSE). Transfer of Bonds in Dematerialized form would be in accordance with the rules/ procedures as prescribed by Depositories Act, 1996

BONDS IN DEMATERIALISED FORM

The Bonds will be issued in Demat form.

PROCEDURE OF DEMAT

1. Investor(s) should have/open a Beneficiary Account with any Depository Participant of NSDL or CDSL.
2. Responsibility for correctness of investor's age and other details given in the Application Form vis-à-vis those with the investor's Depository Participant would rest with the investors. Investors should ensure that the names of the sole/all the applicants and the order in which they appear in the application form should be same as registered with the Investor's Depository Participant.
3. For allotment of Bonds in dematerialised form, the beneficiary account number and depository participants ID shall be specified in the relevant columns of the Application Form.



4. If incomplete / incorrect beneficiary account details are given in the application form which do not match with the details in the Depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the investor.
5. The Bonds allotted to investor in dematerialised form would be directly credited to the Beneficiary Account as given in the application form after verification. Allotment advice / refund order (if any) would be sent directly to the applicant by the Registrars to the issue but the confirmation of the credit of the bonds to the investor's Depository Account will be provided to the investor by the Investor's Depository Participant.
6. Interest or other benefits with respect to the bonds held in the dematerialised form would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to CMWSSB as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, CMWSSB shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to CMWSSB. On receiving such intimation, CMWSSB shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.

SUCCESSION (TRANSMISSION)

In the event of demise of the sole holder of the Bond, CMWSSB will recognize the Executor or Administrator of the deceased Bondholder, or a holder of Succession Certificate or other legal representative as having title to the Bonds. CMWSSB shall not be bound to recognize such executor, administrator or holder unless such executor or administrator obtains probate or letter of administration or such holder is the holder of a succession certificate or other legal representation, as the case may be, from a duly constituted court in India. In case of joint holding/nomination, the right shall vest in the surviving joint holders/nominee.

NOMINATION

The Sole Bondholder or the First Bondholder along with other joint Bondholders may nominate any one person to whom in the event of death of the sole holder or all the Jointholders, as the case may be, the amount of the Bond may be paid. A nomination shall stand rescinded upon the sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Bondholders holding more than one Bond may make separate nomination for individual Bonds, using separate Application forms which shall be made only in the prescribed form available on request at the above mentioned address of CMWSSB

RIGHTS OF BONDHOLDERS

The Bondholders will not be entitled to any other rights and privileges of shareholders other than those available to them under statutory requirements. The Bonds shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of CMWSSB. The principal amount and interest on Bonds will be paid to the registered bondholders only, and in the case of joint holders, to the one whose name stands first. The Bonds shall be subject to the terms and conditions incorporated in this information memorandum, Depository Rules and SEBI guidelines and clarification on private placement of debt issues.

FUTURE BORROWINGS

CMWSSB shall be entitled, from time to time, to make further issue of Bonds and/or Bonds to the Public, members of CMWSSB and/or to any other person(s) and/or to raise further loans, advances from financial institutions, banks and/or any other person(s) on the security or otherwise of its properties without the consent of the Trustees and without any approval from the Bondholders.

RIGHT TO PURCHASE/ REISSUE THE BOND(S)

CMWSSB may purchase the bonds in the open market, through market makers or otherwise. Such bonds may be cancelled, held, resold or reissued. Where CMWSSB purchases bonds, CMWSSB shall have and shall be deemed always to have the right to keep such bonds alive for the purpose of release or reissue and the exercising such right, CMWSSB shall have and deemed always to had the power to resell or reissue the same bonds or by issuing other bonds in lieu thereof.



PAYMENT OF PRINCIPAL ON REDEMPTION

On the redemption date, redemption proceeds would be paid by cheques / Pay orders etc. to those bondholders whose names appear on the list of beneficial owners given by the depository to CMWSSB. These names would be as per the depository's record date/book closure date to be fixed for the purpose of redemption. These bonds will be simultaneously extinguished. It may be noted that in the entire process mentioned above, no action is required on the part of Bondholders.

In the case of joint-holders, redemption proceeds shall be paid to the one whose name stands first in the list of beneficial owners given by the depository to CMWSSB.

The Bondholder shall not have any claim against CMWSSB in respect of amount so paid to the registered Bondholders. In such case, any claim for payment of principal on redemption will need to be settled by the transferee(s) with the transferor(s) and not with CMWSSB.

EFFECT OF HOLIDAYS

Should any of the dates defined above or elsewhere in the Offer document, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

WHO CAN INVEST

- (a) Banks, Financial Institutions.
- (b) Regional Rural Banks
- (c) Co-operative Banks
- (d) Insurance Companies
- (e) Provident Funds, Superannuation Funds and Gratuity Funds
- (f) Mutual Funds
- (g) Foreign Institutional Investors (Subject to existing regulations)
- (h) Companies, bodies corporate and societies registered under the applicable laws in India and authorized to invest in the Bonds.
- (i) Trusts which are authorized to invest in the Bonds.
- (j) Scientific and / or Industrial Research Organizations, which are authorized to invest in the Bonds.

HOW TO APPLY

Investors have to fill up Application Forms which has to duly completed in all respect and must be accompanied by either a Demand Draft or Cheque of the investment amount, which should be made payable in favour of **"CMWSSB BONDS 2005" and crossed "Account Payee only"**. The full face value of the Bonds has to be paid upon application.

FICTITIOUS APPLICATION

As a matter of abundant caution and although not applicable in the case of this issue of bonds, attention of applicants is specially drawn to the provisions of sub-section (1) of section 68A of the Companies Act, which are reproduced below: -

"Any person who –

- (a) makes, in a fictitious name, an application to a Company for acquiring or subscribing for, any bonds therein, or
- (b) otherwise induces a Company to allot, or register any transfer of, bonds therein to him, or any other person in a fictitious name, or shall be punishable with imprisonment for term which may extend to five years."



APPLICATION UNDER POWER OF ATTORNEY

In the case of applications made under Power of Attorney or by limited companies, corporate bodies, registered societies, trusts etc. a certified true copy of the Power of Attorney or the relevant authority, as the case may be along with a certified copy of the Memorandum & Articles of Association and /or Bye Laws and /or the Deed of Trust and the certified true copy of the Board Resolution, must be lodged along with the application or sent directly to CMWSSB along with a copy of the Application Form.

GOVERNING LAW

The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute between CMWSSB and the Bondholder will be subject to the jurisdiction at CHENNAI.

POSTAGE OF INSTRUMENTS

The Letter(s) of Allotment/Bond Certificate(s)/Refund Order(s)/Interest cheque(s), as the case may be will be sent by registered post / courier/ speed post at the risk of the applicant/ bondholder, to the sole/ first applicant/ bondholder, well in advance of the due date.

TERMS OF PAYMENT OF INTEREST FOR DELAY IN DISPATCH OF ALLOTMENT LETTERS/ REFUND ORDERS.

CMWSSB shall credit the allotted securities to the respective beneficiary (Demat) account of the applicants. Letters of Allotment / Refund Orders as the case may be, will be dispatched by Registered Post/Speed Post at the sole risk of the applicant, to the applicant within maximum of 10 weeks of the closing of the subscription list. As far as possible the board shall make efforts to allot the Bonds offered in this Issue within 30 days from the closure of the subscription list. Further, the board shall pay interest @ 15 per cent p.a. for delay in refund beyond 30 days from the date of closure of the subscription list

MINIMUM APPLICATION

Application should be for a minimum of one bond and thereafter in multiples of one bond.

APPLICATION BY BANKS

Investment by scheduled commercial banks in bonds issued by CMWSSB qualifies for investments in NON SLR categories.

Further, R.B.I made clarification vide circular No.DBOD.NO.BP.BC.53/21.04.141/2003-04 dated December 10' 2003 para 4(a)(iii) Banks may invest until March 31' 2004 in the existing unlisted securities (those issued on or before November 30' 2003). With effect from April 1, 2004 banks may also invest in the above category of unlisted securities until December 31, 2004 provided the issuers have applied to the stock exchange (s) for listing and the security is rated minimum investment grade. Para 4(a)(iv) Banks may also invest in unlisted securities issued after November 30, 2003 up to 10% of the incremental Non-SLR investments over the outstanding Non-SLR investments as on November 30, 2003 upto December 31, 2004.

These clarifications were made to R.B.I circular DBOB.BP.BC.44/21.04.141/2003-04 dated November 12' 2003 which stated that Banks must not invest in un-rated Non-SLR securities. Banks investment in unlisted Non-SLR securities should not exceed 10% of its total investment in Non-SLR securities as on March 31, of the previous year. The unlisted Non-SLR securities in which banks may invest upto the limits specified, should comply with the disclosure requirements as prescribed by the SEBI for listed companies.

The applications must be accompanied by certified true copies of (a) Power of Attorney and (b) Specimen Signatures of authorized signatories.



APPLICATIONS BY BODIES CORPORATE / COMPANIES / STATUTORY CORPORATIONS

The applications must be accompanied by certified true copies of (a) Memorandum and Articles of Association / Constitution / Bye-Laws (b) resolution authorizing investment and containing operating instructions (c) Specimen Signatures of authorized signatories.

APPLICATION BY ALL-INDIA TERM LENDING AND REFINANCING INSTITUTIONS

R.B.I vide circular DBS.FID.No. C-11 /01.02.00/2003-04 January 8, 2004 has issued clarifications for FI's to invest in Non-SLR debt securities. Para 2 sub para of the stated circular read as under;

- a. The FIs (Financial Institutions) may invest until March 31, 2004 in the existing unlisted securities, which were issued **on or before** November 30, 2003. In case, the issuers have applied to the stock exchange(s) for listing of such unlisted securities and the security is rated as minimum investment grade, the FIs may continue to invest in such unlisted securities even after March 31, 2004 but only until December 31, 2004.
- b. As regards the unlisted securities issued after November 30, 2003, the FIs may invest, till December 31, 2004, up to 10 per cent of the incremental investments in the categories covered under these guidelines over the corresponding figure of outstanding investments as on November 30, 2003.
- c. With effect from January 1, 2005 only those FIs would be eligible to make fresh investments (up to the prescribed prudential limits) in the unlisted securities covered in these guidelines whose investments in such securities are within the prudential limits prescribed.

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/Constitution/Bye Laws (ii) resolution authorizing investment containing operation instructions (iii) specimen signatures of the authorized signatories and (iv) Form 15AA for claiming exemption from deduction of tax at source on interest income.

APPLICATION BY CO-OPERATIVE BANKS

The RBI vide its Circular dated August 16, 1994 has clarified that the primary co-operative banks can invest their surplus upto 10% of their deposits in bonds of public sector undertakings.

Further, reference should be made to Draft prudential guidelines on co-operative banks' investment in non-SLR debt securities issued by R.B.I vide circular RPCD.CO.RF.BC. /07.02.03/2003-04 dated November 28, 2003.

The applications must be accompanied by certified true copies of (a) Government notification / Certificate of Incorporation and other document governing the constitution (b) resolution authorizing investment and containing operating instructions (c) Specimen Signature of authorized signatories.

APPLICATION BY REGIONAL RURAL BANKS (RRBs)

The RBI vide its Circular No. RPCD.RRB.BC.882/03.05.34/96-97 dated December 13, 1996 has permitted RRBs to invest their surplus non-SLR funds in bonds of public sector undertakings. RBI has clarified that no ceiling in regard to such investment will apply.

Further, reference should be made to Draft prudential guidelines on RRBs' investment in non-SLR debt securities issued by R.B.I vide circular RPCD.CO.RRB.BC. /03.05.34/2003-04 dated November 28, 2003 before making investments in these Bonds.

The applications must be accompanied by certified true copies of (a) Government notification / Certificate of Incorporation and other document governing the constitution (b) resolution authorizing investment and containing operating instructions (c) Specimen Signatures of authorized signatories.

APPLICATION BY PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS (PF/SF/GF)

The Government of India, Ministry of Labour vide notification dated July 9, 2003 has clarified that the non government Provident Funds, Superannuation Funds and Gratuity Funds can invest upto 30% of their



investable funds in bonds/securities of "Public Sector Undertaking" as defined under Section-2 (36-A) of Income Tax Act 1961.

The applications must be accompanied by certified true copies of (a) trust deed / byelaws / resolutions (b) resolution authorizing investment and containing operating instructions (c) Specimen Signatures of authorized signatories (d) Recognition Certificate issued by Income tax Department.

APPLICATION BY MUTUAL FUNDS

The applications must be accompanied by certified true copies of (a) SEBI registration certificate (b) resolution authorizing investment and containing operating instructions (c) Specimen Signature of authorized signatories.

V. TAX BENEFITS

- (i) CMWSSB is a deemed Local Authority and exempt from payment of income tax on its income
- (ii) Sale of water is exempt from Tamil Nadu Sales Tax
- (iii) CMWSSB enjoys the concessional sales tax at 4% for purchases of goods.

TAX BENEFITS TO INVESTORS

1. Interest on Bonds exempt from Income Tax U/S 10(15) (VII) of the Income Tax Act, 1961.
2. The Bonds will be exempt from Wealth Tax within the monetary limit under the Wealth Tax Act, 1957.

CMWSSB hereby undertakes that

- a) The complaints in respect of the issue would be attended to expeditiously and satisfactorily.
- b) CMWSSB would get the instrument listed on time and would take necessary steps for the purpose.
- c) CMWSSB shall cooperate with the rating agencies in providing true and adequate information.
- d) That the funds required for dispatch of refund orders/allotment letters by registered post shall be made available (if required) to the registrar to the issue by the Board

VI. MEMBERS OF THE BOARD AND KEY PERSONNEL

The Board is managed by the Board of Directors constituted by Section 4 of CMWSS Act, 1978 whose details have been given elsewhere in this document. The Managing Director is the chief executive of the Board and he is assisted by Executive Director, Finance Director and Engineering Director

The project for which the money raised from this bonds issue will be met is named as Construction of 530 MLD Water Treatment Plant at Chembarambakkam. Loans from other banks and Financial Institutions and from Board's internal funds are the other monies raised for this project.

HISTORY & MAIN OBJECTS & PRESENT BUSINESS OF THE BOARD

The Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) has been created by a separate Act of the State Government (Act No. 28 of 1978) and is engaged in the field of providing water supply and sewerage disposal services to the population of Chennai City for the past 25 years.

The main objective of the Board is to exclusively attend to growing needs of and for planned development and appropriate regulation of water supply and sewerage services in the Chennai Metropolitan Area with particular reference to the protection of public health and for all matters connected therewith or incidental thereto.

In line with objectives, CMWSSB continues to serve the population of Chennai City in respect of their water needs and sewerage disposal services even as of now as well. In as much as CMWSSB relies on water sources in the three lakes namely, Redhills, Cholavaram and Poondi, which in turn depend on monsoon rains, the quantum of water supplied to the city is dependent sufficient or normal monsoon rains. The Board is at present supplying around 360 mld of water to Chennai City. CMWSSB takes care of disposal of wastewater generated through its sewerage collection and transmission well. This is an ongoing process.



ACTIVITIES AND BUSINESS PROSPECTS

MAIN ACTIVITIES

Functions of the Board. : The Board shall perform all, or any of the following functions, namely:-

- a. promoting or securing the planned development, efficient operation, maintenance and regulation of water supply and sewerage system in the Chennai Metropolitan Area;
- b. preparing long term plans to meet the future requirements of water supply and sewerage in the Chennai Metropolitan Area, based on estimates of demand, surveys on availabilities and usage of water and other relevant matters and periodically reviewing, revising and bringing up-to-date such plans;
- c. undertaking developmental activities with a view to meet the future requirements of water supply and sewerage in the Chennai Metropolitan Area;
- d. operating and maintaining the water supply and sewerage services in the Chennai Metropolitan Area to the best advantage of the inhabitants of that area;
- e. such functions relating to water supply or sewerage as the Government may, by notification, entrust to the Board provided that such entrustment shall be with the Board's concurrence, if it does not relate to anything to be done in respect of the Chennai Metropolitan Area;
- f. any other matter which is supplemental, incidental or consequential to any of the above functions; and
- g. such other functions as may be entrusted to the Board by or under any other law for the time being in force.

2. In the discharge of its functions the Board shall -

- a. have due regard to public health, safety and convenience of the public;
- b. consult and collaborate with the Chennai Metropolitan Development Authority in regard to planning and undertaking development activities connected with the water supply and sewerage systems for the Chennai Metropolitan Area and extend full assistance to and co-operate with the local authority in relation to matters connected with water supply systems or water works or sewerage works or road works or similar works.
- c. be guided by such instructions on questions of policy involving public interest as may be given to it by the Government and in case of any difference of opinion as to whether a question is or is not a question of policy involving public interest, the decision of the Government thereon shall be final.

3. Subject to the provisions of this Act, the Board shall exercise all powers, perform all functions and carry out duties in respect of water supply and sewerage systems in the Chennai Metropolitan Area to the exclusion of any department of the Government or any other existing authority.

4. The Board shall endeavour to be financially self-supporting, and shall for this purpose so conduct its affairs that its income is adequate to meet all its outgoings, provisions for or allocations towards future obligations and costs.

5. The Board shall furnish from time to time to the Government such returns and information as the Government may require.

DETAILS OF PROJECTS

Some of the major projects now under execution by CMWSSB are:

Chennai City River Conservation Project :

This project aims to prevent flow of sewerage into the city water ways namely, Cooum River, Buckingham Canal and Adyar River. Construction of interception lines and prevention of flow of sewage into these rivers is the primary objective of this project. This project is scheduled to close by the end of June 2005



The following are the other projects in the pipeline to be taken up by CMWSSB in the coming years:

COLLIDAM

The Board is implementing a scheme to tap sub-surface water from Collidam riverbed and pump the same to city by utilising the infrastructures constructed under new Veeranam Project. The cost of the Project is Rs.300.00 crores.

CHENNAI WATER SUPPLY AUGMENTATION PROJECT II

The objective of this project is to augment the city water supply by intercepting the rainwater runoff into the sea by the construction/rehabilitation of Check dams across Cooum, Adyar and Palar Rivers and transport the water to city from Kolavoy Lake and Vayalur checkdam. The works envisaged under this project are to be implemented by PWD and CMWSSB. The cost of the project is Rs.124.00 crore. It is proposed to complete this project in the time span of 18 months commencing from August 2004

A.K. Aquifer: CMWSSB also had taken up a project to study the potential water extraction from the Arani Korattaliar River Basin. It is estimated that completion of the project will enable to implementing transfer of water use in A.K. Basin. This project will be completed in 2005-06

Third Chennai Water Supply Project: CMWSSB has proposed to take up further systemic improvement projects in water supply, both for Chennai city and Adjacent Urbanised Local Bodies as a Third Chennai Project with the support of World Bank. In order to improve further sources, works are proposed for deepening and desilting of Ambattur tank. Korattur tank and Madhavaram tank and for Rehabilitation of Porur Tank besides formation of checkdams. The cost of the project is Rs.750.00 crores.

FUTURE BUSINESS PROSPECTS

CMWSSB's ultimate area of operation is 1170 Sq.Km covering the entire Chennai Metropolitan Area (CMA) and its current operational jurisdiction is 180 Sq. Km, which is currently the old city area plus adjacent urban area. CMWSSB has prepared a Master Plan to extend the water supply and sewerage services beyond the city limit and take the services to the entire CMA. Also as per the Master Plan, CMWSSB plans to increase the quantity of water supplied that will be required in the increasing population of Chennai City, which is expected to touch the 7 million mark in the next 10 years.

OUTSTANDING DEBT

The total outstanding debt as on 31.12.2004 is Rs.2332.63 Crores, out of which Rs.702.23 crore outstanding to Government of Tamil Nadu.

DEBT SERVICING TRACK RECORD

CMWSSB has a consistent track record of fully paying interest on all loans and principal repayment, bonds and deposits on due dates. There has been no default or delay in servicing of the debt obligation/ (s) till date.



KEY MANAGERIAL PERSONNEL

The day-to-day functioning of the Board is being managed by the Board of Directors of the Board, which consists of the following:

DIRECTORS OF THE BOARD

Name	Address	Occupation	Other Directorships
Thiru K.P.Anbalagan Chairman	Secretariat Chennai 600 009.	State Minister, Local Administration and Water Supply Department	--
Thiru V.Thangavelu IAS	CMWSS, No.1, pumping station road, Chintadripet, Chennai – 2	Managing Director. He is also in-charge for Executive Director and Finance Director as well.	Tamil Nadu Slum Clearance Board Tamil Nadu Water Supply and Drainage Board
Thiru S.Ranganathan	CMWSS, No.1, pumping station road, Chintadripet, Chennai – 2	Engineering Director	--
Tmt.C.K.Gariyali IAS	Secretariat Chennai 600 009.	Secretary to Government, MAWS Department	--
Thiru. N.Narayanan IAS	Secretariat Chennai 600 009.	Secretary to Government, Finance Department	--
Thiru M.P.Vijayakumar IAS	Corporation of Chennai, Chennai – 3	Commissioner, Corporation of Chennai	--
Thiru S. Karuthia Pandain IAS	TWAD Board Chepauk, Chennai – 5	Managing Director, TWAD Board	--
Thiru G. Santhanam IAS	CMDA, Chennai – 8	Member-Secretary, CMDA	--

CHANGE IN DIRECTORS IN THE LAST 3 YEARS

SNo.	Name and designation	Period of office
1.	Th.C.Durairaj, B.A., Hon'ble Minister for Local Administration, Secretariat and Chairman, CMWSS Board. Chennai 600 009.	01.04.2002 - 04.08.2002
2.	Thiru M.C. Sampath M.Sc., Hon'ble Minister for Local Administration, Secretariat and Chairman, CMWSS Board. Chennai 600 009.	05.08.2002-31.03.2003 01.4.2003- 04.01.2004
3.	Tmt.Santha Sheela Nair, I.A.S Secretary to Government, M.A. & W.S. Department, Secretariat, Chennai 600 009.	01.04.2002 - 13.01.2003
4.	Thiru L.N. Vijayaraghavan, I.A.S., Secretary to Government, M.A. & W.S. Department, Secretariat, Chennai 600 009.	13.01.2003 - 31.03.2003 01.04.2003 - 31.03.2004
5.	Thiru L. Krishnan, I.A.S., Special Secretary to Government, Finance Department, Secretariat, Chennai 600 009.	01.04.2002 - 31.03.2003 01.04.2003 - 31.03.2004
6.	Thiru P.R. Shampath, I.A.S., Member Secretary, C.M.D.A., Chennai 600 008.	Upto 30.12.2003.
7.	Thiru G. Santhanam, I.A.S., Member Secretary, C.M.D.A., Chennai 600 008.	01.04.2002 - 31.03.2003.
8.	Th.K.Dheenabandu I.A.S., Managing Director, TWAD Board, Chennai.	01.04.2002 - 24.8.2002
9.	Th.N.Vasudevan, I.A.S. Managing Director, TWAD Board, Chennai.	24.08.2002 - 31.03.2003



10.	Th.R.Karthik, I.A.S. (i/c) Commissioner, Corporation of Chennai Chennai .	01.04.2002 - 10.06.2002.
11.	Th.M.Muthiya Kalaivanan, IAS Commissioner, Corporation of Chennai Chennai .	10.06.2002 - 31.02.2003 01.04.2003 - 15.05.2003
12.	Dr.Niranjan Mardi, I.A.S. Managing Director, CMWSS Board, Chennai 600 002.	01.04.2002 - 2.08.2002
13.	Thiru K. Deenadhayalan, I.A.S., Managing Director, CMWSS Board, Chennai 600 002.	02.08.2002 - 31.03.2003 01.04.2003 - 30.09.2003
14.	Th.Shiva Das Meena, I.A.S. Executive Director, CMWSS Board, Chennai 600 002.	01.02.2002 - 02.8.2002
15.	Thiru V. Thangavelu, I.A.S., CMWSS Board, Chennai 600 002. Executive Director	02.08.2002 - 31.03.2003
	Finance Director	30.10.2002 - 31.03.2003 1.04.2003 - 04.05.2003 23.05.2003 - 31.03.2004
	Managing Director	01.10.2003 - 31.03.2004
16.	Th.V.Venkateswaran, Finance Director, i/c CMWSS Board, Chennai 600 002	01.04.2002 - 30.10.2002
17.	Thiru R.N. Suryanarayana Singh, Engineering Director, C.M.W.S.S. Board, Chennai 600 002.	01.04.2002 - 31.03.2003 01.04.2003 - 30.09.2003
18.	Thiru K.P. Anbalagan, Hon'ble Minister for Information & Publicity and Local Administration Department and Chairman, CMWSS Board, Chennai 600 009.	04.01.2004 - 31.03.2004
19.	Th.M.P.Vijayakumar, IAS, Commissioner, Corporation of Chennai, Chennai .	15.05.2003 - 31.03.2004
20.	Th.P.R.Sampath, I.A.S, Member Secretary, CMDA, Chennai 600 008.	01.03.2003 - 05.01.2004
21.	Th.G.Santhanam, I.A.S, Member Secretary, CMDA, Chennai 600 008.	05.01.2004 - 31.03.2004
22.	Thiru N.Vasudevan, IAS, TWAD Board, Chennai	01.04.2003 - 17.05.2003
23.	Thiru Karuthaiyapandian, IAS, TWAD Board, Chennai	17.05.2003 - 31.03.2004
24.	Thiru V.Venkateswaran, Finance Director, i/c CMWSS Board, Chennai 600 002.	04.05.2003 - 23.05.2003
25.	Th.S.Ranganathan, Engineering Director, CMWSS Board, Chennai 600 002.	01.10.2003 - 31.03.2004

INTEREST OF DIRECTORS

Except as stated elsewhere in the Offer document, there are no contracts entered into by the Board in which the Directors are interested directly or indirectly or in respect of which payments have been/proposed to be made in the last two years from the date of this Offer document. None of the Directors of the Board is interested in the promotion of the Board or in any property acquired or proposed to be acquired by the Board. All the Directors of the Board are or may be deemed to be interested to the extent of remuneration, sitting fees for attending Board Meetings and reimbursement of expenses, if any payable to them. No Director is interested or connected with the present issue of Bonds except in so far as he may be allotted Bonds of this issue in case he decides to subscribe thereto.

COMPANIES UNDER THE SAME MANAGEMENT

There is no company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.



VII. FINANCIAL INFORMATION

AUDITORS' REPORT

The Board of Directors,
Chennai Metropolitan Water Supply
And Sewerage Board
Chennai – 600 002.

Dear Sirs,

We were engaged to report on the financial information of CMWSS Board ('the Board') annexed to this report, which has been prepared in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, to the extent they are not inconsistent with CMWSS Act, 1978, (Act No.28 of the State Legislature of Tamilnadu). The financial information is proposed to be included in the offer document of the Board in connection with its issue of 500 Bonds of Rs.10.00 lakh each at par.

Financial information as per audited financial statements

We were engaged to report on the annexed statements of assets and liabilities of the Board as on March 31, 2004, 2003, 2002, 2001 and 2000 and the annexed statements of profit and loss for each of the years ended on those dates ('the Summary Statements') (See Annexure 1). These Summary Statements have been extracted from the financial statements drawn up in conformity with format of presentation of Annual Accounts of the Board audited by the Statutory Auditors of the Board appointed on year-on-year basis i.e., for the year ended March 31, 2004 by us (M.Thomas &Co., Chartered Accountants), for the years ended March 31, 2003, 2002, 2001, by Sunder &Co., Chartered Accountants, and for the year ended March 31, 2000 by S.Sonny & Co., Chartered Accountants and on our examination of the restatements in the Summary Statements, we confirm that,

There are no qualifications in the auditor's reports for any of the years ended March 31, 2004, 2003, 2002, 2001 and 2000 affecting the assets/liabilities or Excess of Income as on those dates.

For **M.THOMAS & CO.,**

CHARTERED ACCOUNTANTS

(R.ARAVAZHI)

M.No.29253

PARTNER

Chennai

March 23, 2005



FINANCIAL POSITION

ANNEXURE I

BALANCE SHEET

PARTICULARS	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
(Rupees in Crores)					
LIABILITIES					
Contributions	429.57	306.52	264.22	198.20	169.90
Grants from Government	420.77	351.25	304.82	200.66	165.20
Long term Borrowings	1376.34	903.70	919.88	875.87	788.19
Deferred Credits & Deposits	231.43	170.14	155.12	146.43	131.03
Current Liabilities	486.94	414.17	352.60	300.90	213.47
Accumulated Surplus	167.39	165.49	157.90	156.40	126.48
Total	3112.44	2311.27	2154.54	1878.46	1594.27
ASSETS					
Fixed Assets	2592.38	1858.46	1702.28	1555.65	1282.47
Current Assets, Loans, Advances & Deposits	520.06	452.81	452.26	322.81	311.80
Total	3112.44	2311.27	2154.54	1878.46	1594.27

WORKING DETAILS

INCOME AND EXPENDITURE

PARTICULARS	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
(Rupees in Crores)					
INCOME					
Sale of Water	169.34	146.68	126.64	137.06	136.20
Water & Sewerage Tax	57.60	57.55	56.79	82.25	50.26
Grants & Subsidies					
Devolution of Fund	9.07	10.45	0.00	0.00	0.00
Drought Grant	92.00	5.00	75.00	0.00	0.00
Other Income	23.37	29.18	25.08	28.39	18.89



Provision for Doubtful Debts					
- Taxes	0.00	1.32	0.00	0.00	0.00
- Water Charges	0.07	0.00	0.00	0.36	1.66
Total	351.45	250.18	283.51	248.06	207.01
EXPENDITURE					
Maintenance (O&M)	44.86	48.71	30.77	32.00	35.25
Payments & Provision to Employees	50.50	53.47	50.64	52.57	52.88
Office Admn. Expenses	2.96	2.87	2.51	3.26	3.94
Prior Period Adjustment	0.00	3.55	4.99	6.08	2.03
Water Lorry Hire Charges	9.69	9.27	7.39	23.87	9.20
Drought Expenditure	108.39	8.02	82.69	5.18	0.00
Depreciation	53.37	48.73	44.20	38.25	27.04
Debt. Service Charges	78.43	66.84	56.15	53.88	49.33
Provision for Doubtful Debts					
Water Charges Unmetered	1.16	0.10	0.69	0.54	0.24
Water charges Metered	0.00	1.04	0.81	0.00	0.00
Taxes	0.18	0.00	1.17	2.50	1.60
Excess of Income over Expenditure	1.91	7.58	1.50	29.93	25.50
Total	351.45	250.18	283.51	248.06	207.01



AUDITORS REPORT FOR FINANCIAL YEAR 2003-2004

M.THOMAS & CO., CHARTERED ACCOUNTANTS

Flat No.G-11,MARINA SQUARE,27, SANTHOME HIGH ROAD, MYLAPORE ,

CHENNAI 600 004

PHONE 24941878, 24958043

AUDITORS' REPORT

We have audited the attached balance sheet of Chennai Metropolitan Water Supply and Sewerage Board, as at 31st March 2004, the Income and Expenditure account for the year ended as on that date and the Schedules annexed thereto. These financial statements are the responsibility of the management of the CMWSSB. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 misstatements. An audit also includes assessing the auditing principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We now report that,

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. B. The Balance Sheet and the Income and Expenditure Account dealt with in this report are generally in agreement with the books of accounts, subject to the comments listed out in the annexure to this report.
- c. In our opinion and according to the information and explanations given to us and subject to our observations in the notes forming part of the accounts, the accounts give a true and fair view.
 - i. In the case of the Balance Sheet, of the state of affairs of the Board as at 31st March 2004 and
 - ii. In the case of Income and Expenditure Account, of the surplus for the year ended 31st March 2004.

Place : Chennai

Date : 10.08.2004

for M.THOMAS & CO.,

Chartered Accountants

R.ARAVAZHI

Partner



NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

(As covered by: ANNEXURE TO AUDITORS' REPORT)

1. BASIS OF ACCOUNTING

The financial statements have been prepared on accrual basis in accordance with the generally accepted accounting principles and accounting standards issued by ICAI, subject to our observations mentioned in para-1 (vii) on the Notes on the accounts for the year ended 31st March 2003.

2. FIXED ASSETS

- a. Fixed Assets are stated at historical cost less accumulated depreciation
- b. Depreciation on Fixed Assets are provided on straight line basis as per the rates approved by the Board.
- c. In respect of additions during the year depreciation is calculated for one year if it is brought to account before 30th September and half year if it is brought to account in between 1st October to February. Additions in the last month of the year are ignored for the purpose of provision of depreciation during the year.

3. INVENTORIES

- a. Materials at Main Stores : Weighted average basis
- b. Material at Area Stores : First in first out method

The inventory balance of Rs. 10,92,00,000/- includes the following

- a. Shortage of Stores : 306.00 lakhs
- b. Surplus of Stores : 193.00 lakhs

Shortage and surplus found on verification are brought in the books without ascertaining the reasons for the same and taking appropriate action.

4. SUNDRY DEBTORS -Provision for bad and doubtful debts

Provision for bad and doubtful debts are made as per the direction of the Board as follows.

- On metered debtors at 20%
- On other debtors at 10%

5. RETIREMENT BENEFITS

Liability in respect of leave encashment benefits has not been ascertained and provided for in the accounting during the year.

6. INCOME TAX

The Board has been exempted from Income Tax all these years under Sec. 10 (20) of the Income Tax act, 1961, giving the Board the status of "Local Authority". In view of the amended definition of Local Authority with the effect from the financial year 2002-03. a reference has been made to the Central Board of Direct Taxes representing that the status of "Local Authority" has to be extended to the Board for the reasons mentioned therein to continue the benefits of exemption from Income Tax. Reply is awaited from the Central Board Direct Taxes. In view of this no provision has been made for Income Tax in the Books of accounts during the year



7. INTERNAL AUDIT

The Board has an internal audit department, which, in our opinion is not commensurate with the size and nature of the operations of the Board. It has to be strengthened adequately, to ensure coverage of all-important areas of internal control.

8. INTERNAL CONTROL

Adequacy and soundness of internal control procedures requires constant review by Internal Audit.

9. CAPITAL WORKS IN PROGRESS

The value of Project - Work in Progress amounts to Rs.1796.89 lakhs which remains to be converted as Fixed Assets as on 31st March 2004.

Place : Chennai

Date : 10. 09.2004

for M.THOMAS & CO.,

Chartered Accountants

R.ARAVAZHI

Partner



M/S.N.PALANIVELU & CO
Chartered Accountants

No.3, (Old No.2/1)
Daniel Street
T.NAGAR, Chennai -17.
Off: 2434 1978 and 24344235
Res: 2436 2361 FAX 2433 0952

LIMITED REVIEW REPORT

We have reviewed the accompanying statement of un-audited financial results of Chennai Metropolitan Water Supply & Sewerage Board (CMWSSB) for the quarter/nine months ended 31st December 2004. This statement is the responsibility of the Board's Management and has been approved by the Board of Directors.

A review of interim financial information consists principally of applying analytical procedures for financial data and making enquiries of persons responsible for financial and accounting matters. It is subsequently less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of un-audited financial results, prepared in accordance with accounting standards and other accounting practices and policies, has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement, including the matter in which it is to be disclosed, or that it contains any material misstatement.

For N.PALANIVELU & CO.,
Chartered Accountants

Place : Chennai - 17

Dated : 08-03-2005

Sd/- N.Palanivelu



M/S.N.PALANIVELU & CO

Chartered Accountants

No.3, (Old No.2/1)

Daniel Street

T.NAGAR, Chennai -17.

Off: 2434 1978 and 24344235

Res: 2436 2361 FAX 2433 0952

CHENNAIMETROPOLITAN WATER SUPPLY AND SEWERAGE BOARD					
No.1, Pumping Station Road, Chintadripet, Chennai - 600 002.					
UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE QUARTER / NINE					
MONTHS ENDED ON 31-12-2004					
		(Rs. In Crores)			
Sl. No	Particulars	Quarter ended 31-12-2004 (Provisional)	Corresponding Quarter ended 31-12-2003 (Provisional)	Nine Months ended 31-12-2004 (Provisional)	Corresponding Nine Months ended 31-12-2003 (Provisional)
1	Net Sales / Income from Operations	64.70	55.08	191.60	165.22
2	Other Income	6.13	6.29	19.76	18.87
3	Total Expenditure				
a.	Interest Expenditure	19.81	16.15	59.44	48.45
b.	Staff Cost	16.04	15.04	48.45	45.10
c.	Other Operating Exp.	18.65	14.42	55.05	43.25
5	Depreciation	15.10	14.70	44.72	44.10
6	Profit Before Tax	1.23	1.06	3.70	3.19
7	Provision for Tax	Nil	Nil	Nil	Nil
8	Net Profit	1.23	1.06	3.70	3.19
9	Paidup Share Capital - Contributions including Capital Reserves	509.29	334.47	509.29	334.47
10	Reserves revaluation excluding reserves Accumulated Surplus	171.09	168.68	171.09	168.68



Note: 1. Figures of corresponding quarter in the previous year have been re-grouped and re-arranged wherever necessary.

2. Exemption is being claimed from payment of Income Tax under the provisions of section 10 (20) of the Income Tax Act - Deemed Local Authority. Hence provision for taxation not provided.

For N.PALANIVELU & CO.,

Chartered Accountants

Place : Chennai - 17

Dated : 08-03-2005

Sd/- N.Palanivelu

VIII. MANAGEMENT DISCUSSION & ANALYSIS

Year ended March 31, 2004, compared with Year ended March 31, 2003

Chennai Water Board's operating income was largely stagnant in 2003-04 because of the limited availability of water given the poor monsoon. Although the corporation maintained its operating margins at 50%, its net profits declined from Rs.75.8 million in 2002-03 to 19.0 million in 2003-04. Its interest expenses increased from Rs.668.7 million in 2002-03 to Rs.758 million in 2003-04 as its debt levels rose from Rs.10.4 billion as at March 31, 2003 to Rs.15.4 billion as at March 31, 2004. The bond's sizable net worth of Rs.10.2 billion as at March 31, 2004, includes GoTN grants (Rs.6 billion), contributions from the public (Rs.1.7 billion) and accrued reserves and initial equity capital. It had a high gearing of around 1.5 times as at March 31, 2004 as compared to 1.26 times at March 31, 2003, because of its large debt capital expenditure. But its long loan repayment tenure of 15 to 20 years for state government loans lends comfort to its capital structure.

Year ended March 31, 2003, compared with Year ended March 31, 2002

In the year 2002 – 03 Metro Water supply position was comparatively better and pipes supply was resumed to the consumers. For that the tariff was revised to other than the domestic consumers, which has resulted in an increase in revenue flow from sale of water and the excess of income over expenses for the year was Rs.7.58 crores, a five fold increase in the net income.

Year ended March 31, 2002, compared with Year ended March 31, 2001

In the year 2001 – 02 Metro water faced severe drought due to failure of monsoon and the pipeline supply was completely stopped from June to October and supplied through Tanker Lorries to the domestic consumers. This has had an impact on the revenue income of the Board. However, it has been compensated by drought relief fund in the form of 100% grant provided by the Government of Tamil Nadu to the extent of Rs.75 crores. Ultimately metro water's excess income over expenses was about Rs.1.50 crores.

IX. OUTSTANDING LITIGATIONS:

Claims against the CMWSS Board not acknowledged as debt amounts to Rs.142.36 lakhs (67 cases) as on 31.3.2004, which are under litigation. Out of this, 3 cases involving Rs.81 lakhs are reported to be under arbitration. CMWSSB has engaged advisors to pursue with courts and solve the issues.

Save and except the above there are no major outstanding litigations or proceedings for economic offences against CMWSSB. No proceedings for economic offence have been taken or initiated by the appropriate authorities against the directors of the Board. No criminal prosecutions have been launched against CMWSSB for alleged offences.



Material Developments subsequent to the last Statement of Account

In the opinion of the Board, save and except as mentioned elsewhere in this Offer document, there are no circumstances that have arisen since the date of the last financial statements disclosed in the Offer document which materially and adversely affects or is likely to affect the trading or profitability of the Board, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Investor Grievances Redressal System

To ensure that the Investor grievances are addressed in a timely and satisfactory manner, power has been given to the Corporation's Compliance Officer to handle all investor grievances. The Issuer has also appointed Cameo Corporate Services Ltd. as Registrars and Transfer Agents to effectively deal with investor complaints.

Compliance officer

The Board has appointed Thiru C.Munianathan as the compliance officer for complying with the clauses of Listing Agreement entered into with the Stock exchange. Investors may contact Thiru C.Munianathan at the below mentioned address and telephone/fax numbers in case of any pre issue /post issue queries.

Name: Thiru C.Munianathan
BOARD SECRETARY CUM GENERAL MANAGER
CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD
(Statutory Board of the Government Tamil Nadu)
Registered Office: No.1, Pumping Station Road, Chennai - 2.
Board Nos:- **(044)28534444, 28534994, 28524388**
Fax No. : **(044)28531243, 28525544**
Website: www.chennaietrowater.com, **Email:** cmwssb@md2.vsnl.net.in

X. STATUTORY AND OTHER REGULATORY DISCLOSURES

AUTHORITY TO THE ISSUE

Approval to the issue/(s) has been taken vide Resolution passed by the Board of Directors in 251st meeting held on 12/08/2004 vide item no. 17, (Resolution No. 110/2004)

AUTHORITY TO ISSUE DOCUMENT & COMPLETE FORMALITIES

The Managing Director is empowered to execute all documents, covenants etc and to complete all the necessary formalities connected with this borrowing.

APPROVAL & ALLOCATION TO ISSUE TAX FREE BONDS

Approval to issue tax free municipal bonds has been notified by Ministry of Finance, Government of India to CMWSSB vide Gazette Notification of Government of India no.112/2005/F.No.178/17/2005-ITA-1 for an amount of Rs. 50.00 Crores.

ISSUE EXPENSES

The fees payable to the lead arranger, the Auditor, the Trustees for the Bondholders and the Registrar are as set out in the relevant appointment letters, copies of which are kept open for inspection at the premises of the Issuer. Other expenses include fees and reimbursement of expenses towards printing, listing fees and credit rating fees. The above expenses will be met out of the proceeds of the issue.

UNDERWRITING COMMISSION AND BROKERAGE

The issue is not underwritten and hence no underwriting commission is payable. No broker has been appointed hence no brokerage is payable.



CREDIT RATING

CRISIL has assigned a rating of 'AA(SO)Stable' (Pronounced Double A SO/Stable) for an amount of Rs. 50.00 Crores vide letter No.SKR/CMWSSB/RS/797 dated March 21, 2005. to the bond/(s) programme indicating the high degree of safety with regard to timely payment of interest and principal along with the 'Structured Obligation' by ensuring ESCROW mechanism regarding timely fulfillment of the debt obligation.

LISTING

The Bonds are proposed to be listed on The Stock Exchange, Mumbai (**BSE**)

UNDERWRITING

The present issue is not underwritten.

PREVIOUS ISSUES OF BONDS

The Board made its entry into the Municipal Bond market in 2003-04 to part finance the execution of CWSAP – I (Chennai water supply augmentation project). by way of issue of Tax Free Bonds to the tune of Rs.42.00 crore. CMWSSB obtained a AA (so) rating from the Credit Rating and Investment Services of India Ltd. (CRISIL). This rating depicted a strong stand-alone credit quality and high safety for the investor. The coupon rate is 5.20% for 7-year bond. The issue was fully subscribed. The servicing of Bonds are being made regularly.

Instrument	Series	Rating assigned	Redemption/Repayable on	Amount (Rs.Lacs)
Chennai water bonds	Series 2004	AA(so) by CRISIL	Six semi-annual instalments in 5 th , 6 th and 7 th years.	Rs.42 crores

The amount raised through the Bond issue was utilized for the purpose of the project, which has been successfully completed.

XI. MAIN PROVISIONS OF THE CMWSS ACT, 1978

5. Functions of the Board

The Board shall perform all ore any of the following functions, namely:

- d. Promoting or securing the planned development, efficient operation, maintenance and the regulation of water supply and sewerage system in the CMA.
- e. Preparing long term plans to meet the future requirements of water supply and sewerage in the CMA based on estimates of demand, surveys and availability and usage of water and other relevant matters and periodically reviewing, revising, bringing up to date such plans.
- f. Undertaking developmental activities with a view to meet the future requirements of water supply and sewerage in CMA.
- g. Operating and maintaining the water supply and sewerage services in the CMA to the best advantage of the inhabitants of the area.
- h. Such functions relating to water supply or sewerage as the Government may, by notification, entrust to the Board, provided that such entrustment shall be with the Board's concurrence, if it does not relate to anything to be done in respect of the CMA.
- i. Any other matter which is supplemental, incidental or consequential to any of the above functions and
- j. Such other functions as may be entrusted to the Board by or under any other law, for the time being in force.

32. Power of the Board to borrow and lend

1. Subject to the provisions of this Act and the regulations made thereunder and subject to such conditions as may be, specified by the Government by a general or a special order issued in this behalf by them and with their previous approval, the Board may, from time to time, borrow money required for the purposes of this Act, by anyone or more of the manner specified below.



- a. Raising loans from any Bank or other Financial institutions or the Life insurance Corporation of India established under Section 3 of the Life Insurance Corporation Act, 1956 (Central Act 31 of 1956) or
- b. Raising loans from any Corporation, owned or controlled by the Central or the State Government or
- c. Raising loans from the public by issue of bonds or debentures or stocks or otherwise in the form and manner approved by the Government.

Provided that the loans or amounts borrowed under this sub section shall be utilized only for the specific purpose or purposes for such loans or borrowings were raised or made.

2. Subject to the provisions of this Act and to such conditions and limitations as may be specified, the Board may out of its funds grant loans and advances on such terms and conditions as it may determine to any local authority for any developmental scheme.

3. The Government may guarantee in such manner as they think fit, the repayment of principal and interest of any loan proposed to be raised by the Board under sub section (1).

Provided that the Government shall, so long as any such guarantees are in force, lay before both the Houses of Legislature in every year during the budget session, a statement of the guarantees if any, given during the current year and an up to date account of the total sums if any, which are being paid out of the consolidated fund of the State by reason of any such guarantees or paid into the said fund towards the repayment of any money so paid out.

CAPITALIZATION OF RESERVES AND PROFITS

No capitalization of reserves or profits has been made since incorporation of CMWSSB

REVALUATION OF ASSETS

There has been no revaluation of the assets of CMWSSB since its incorporation.

CHANGE IN AUDITORS IN THE LAST 3 YEARS

1. M/s. Sundar & Company,

Chartered Accountants,

75, Eldams Road, Alwarpet,

Chennai – 600 018

Telephone : 044 – 24310596

The above-mentioned firm have functioned as the Auditors of the Board upto 31.03.2003.

2. M.Thomas & Co.,

Chartered Accountants

Flat No.G-11,Marina Square,27, Santhome High Road,

Mylapore , Chennai 600 004

Phone 24941878, 24958043

This firm is functioning as Auditors of the board from 2003-04 onwards

DISCLAIMER

This memorandum of private placement is neither a Prospectus nor a statement in lieu of Prospectus. It does not constitute an offer or an invitation to subscribe to the bonds issued by CMWSSB. Apart from this memorandum, no offer document or prospectus has been prepared in connection with the offering of the Bond issue or in relation to the Issuer nor is such a prospectus required to be registered under applicable Laws. Accordingly, this memorandum has neither been delivered for registration nor is it intended to be registered.

This memorandum of private placement is not intended to form the basis of evaluation for the potential investors to whom it is addressed and who are willing and eligible to subscribe to these Bonds issued by CMWSSB. This memorandum of private placement has been prepared to give general information regarding CMWSSB to persons proposing to invest in the issue of Bonds and it does not purport to contain all the information that any such person may require. CMWSSB believes that the information contained in this memorandum of private placement is accurate in all respect as of date hereof. CMWSSB does not undertake to



update this memorandum of private placement to reflect subsequent events and thus it should not be relied upon without first confirming its accuracy with CMWSSB.

Potential investors are required to make their own independent evaluation and Judgement before making the investment. It is the responsibility of potential investors to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the bonds. Potential investors should also consult their tax advisor(s) on the tax implications of the acquisitions, ownership, sale and redemption of Bonds and income arising thereon either by way of interest or capital gains.

This memorandum of private placement is not intended for distribution and it is meant solely for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The Bonds mentioned herein are being issued on a private placement basis and this offer does not constitute nor should it be considered a public offer/ invitation.

FORCE MAJEURE

CMWSSB reserves the right to withdraw the issues prior to the closing date in the event of any unforeseen development adversely affecting the economic regulatory environment.

STOCK EXCHANGE DISCLAIMER CLAUSE:

It is to be distinctly understood that the submission of the information memorandum to the Stock Exchange should not in any way be deemed or construed that the information memorandum has been cleared or approved by Exchange. Stock Exchange does not take any responsibility either for the financial or other soundness of this Issuer, or the achievements of the object for which placement is being proposed to be made or for the correctness of the statement made or opinions expressed in the information memorandum.

DISCLAIMER STATEMENT FROM THE ADVISORS & SOLE ARRANGER

In light of SEBI circular no. SEBI/MRD/SE/AT/36/2003/30/09 dated September 30, 2003 and SEBI circular no. SEBI/MRD/SE/AT/46/2003 dated December 22, 2003, it is advised that the Issuer Company has exercised self due-diligence to ensure complete compliance of prescribed disclosure norms etc in this Memorandum. The role of the Arranger in the assignment is confined to marketing and placement of the bonds on the basis of this Memorandum as prepared by the Issuer Company. The Arranger have neither scrutinized or vetted nor has it done any due-diligence for verification of the contents of this Memorandum. The Arranger shall use this Memorandum for the purpose of soliciting subscription(s) from qualified institutional investor(s) in the bonds to be issued by the Issuer Company on private placement basis. It is to be distinctly understood that the aforesaid use of this Memorandum by the Arranger should not in any way be deemed or construed that the Memorandum has been cleared & approved by Arranger; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Memorandum; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer. The Arranger or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Memorandum for the purpose of soliciting subscription(s) from qualified institutional investor(s) in the bonds to be issued by the Issuer Company on private placement basis. It is to be distinctly understood that the aforesaid use of this Memorandum by the Arranger should not in any way be deemed or construed that the Memorandum has been cleared & approved by Arranger; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Memorandum; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer. The Arranger or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Memorandum.

XII. MATERIAL CONTRACTS AND DOCUMENT FOR INSPECTION

The following contracts and also documents for inspection referred to hereunder, may be inspected at the registered office of the Board at Chennai during office hours from the date of this information memorandum until the date of closure of the issue.



MATERIAL CONTRACTS

- a) Letter from the Board dated 05 March 2005 appointing Karvy Investor Services Ltd as the Sole arranger to the issue.
- b) Letter from Canara Bank giving their consent to act as debenture trustees to the issue
- a) Letter from Cameo Corporate Services giving consent to act as Registrar & Transfer Agents to the issue.
- b) Letter from Canara Bank giving consent to act as Bankers to the issue.

DOCUMENTS

- a) Copy of the CMWSSB Act, 1978
- b) Approval letter dated 23rd March 2005 from the ministry of Finance, Department of Revenue (Central Board of Direct Taxes) for tax free status
- c) Papers & documents relating to CMWSSB.
- d) Copy of the Credit Rating letter issued for the current issue by CRISIL.
- e) Audited accounts for the financial years ending 2004, 2003, 2002, 2001 & 1999 and the Auditors Report thereon along with the tax opinion, if any.
- f) Copies of the Auditors Certificate on Limited Review upto December 31' 2004.
- g) Copy of the Board Resolution authorizing the Bond issue.

XIII. DECLARATION

All relevant provisions of the CMWSS Act, 1978 have been complied with and that all requirements connected with the said issue and full disclosures as applicable to the Board under the CMWSS Act, 1978 read with Chapter VI of the SEBI (DIP) Guidelines, 2000, have been complied with and no statement made in this Offer document is contrary to the provisions of the said Regulations/Guidelines. Further, it is certified that disclosures made in the offer document are generally adequate, accurate and in conformity with Schedule II of the Companies Act, 1956, Chapter VI of the SEBI (DIP) Guidelines, 2000. CMWSSB accepts no responsibility for the statement made otherwise than in this Offer document or in the advertisement or any other material issued by or at the instance of the issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

**PLACE: CHENNAI
DATED: 25-03-2005**

**MANAGING DIRECTOR
CMWSSB**



Confidential

PROVISIONAL RATING LETTER

Ref.: SKR/CMWSSB/RS/797
March 21, 2005

Shri V Thangavelu, IAS

Managing Director
Chennai Metropolitan Water Supply & Sewerage Board
No. 1, Pumping Station Road,
Chennai – 600 002
Tel: 044- 28212892/4800
Fax:044-28419643

Dear Mr. Thangavelu,

Provisional Credit Rating for the proposed Rs. 50.00 crores Tax free Bond Programme of Chennai Metropolitan Water Supply & Sewerage Board backed by Escrow of water & sewerage taxes and water & sewerage charges.

We refer to your request for a rating for the above captioned debt program. The proposed structured transaction and instrument details are briefly described in *Annexure a*.

Our Rating committee, after due consideration, has assigned a provisional rating of “**AA(so)/Stable**” (pronounced as “Double A structured obligation with stable outlook”) to the captioned bond issue. This provisional rating indicates **high safety** regarding timely payment of financial obligations on the instrument. This provisional rating is based on the strength of the credit enhancement by escrow of water and sewerage taxes and charges to meet all principal and interest obligations on the Bond Program, the payment structure designed to ensure full and timely payment to the investors as set out in *Annexure-a* and also the strength of the warranties to be given by CMWSSB as set out in *Annexure b*.

The assigned rating assumes that investors in the Rs 50 crore bond programme would have a pari -passu charge on the escrowed future flows along with the existing investors of Rs 42 crore bond programme. The trustee of the Rs 42 crore bond programme Canara Bank would obtain the consent and complete the necessary documentation for the same.

Further, in view of your decision to accept CRISIL’s provisional rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any increase in the size of the issuance or any change in the structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Kindly note that the indicated provisional rating would become valid only upon completing the relevant documentation requirements. They would be complied with on furnishing, the debenture trustee agreement, warranties as indicated in *Annexure-b*, the rating acceptance letter and the Information Memorandum.

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.





CRISIL has assumed that the representations made by the issuer CMWSSB are true and that the structure, based on which the provisional rating is assigned, shall work and operate as represented by the issuer. CRISIL does not guarantee the accuracy, adequacy or completeness of the representations made by the issuer to CRISIL and/or the representations to be made in the Offer documents. CRISIL is not responsible for any acts of commission or omission of the issuer and/or the Trustee.

CRISIL reserves the right to suspend, withdraw or revise the provisional rating assigned to the above-mentioned programme, at any time, on the basis of new information, or unavailability of information or other circumstances which CRISIL believes may have an impact on the provisional rating.

Should you require any clarifications, please feel free to contact us.

With best regards,

Yours sincerely,

Subodh K. Rai
Manager – Infrastructure Ratings

Irfan Choudhary
Manager – Infrastructure Ratings

Encl.: As above

- Annexure a: Instrument details
- Annexure b: Warranties to be furnished by the issuer
- Annexure c: Format for intimating placement details of the Bonds
- Annexure d: Format of the letter to be obtained from trustee within 30 calendar days from the date of opening of the bond issue

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.



Annexure a

Instrument details

Instrument:	Chennai Water Bonds
Issuer:	Chennai Metropolitan Water Supply and Sewerage Board
Nature of Credit Enhancement:	Escrow of water & sewerage taxes and water & sewerage charges from 11 Chennai city zonal accounts into bond payment account as per the structure explained below
Face Value of the debentures:	Rs. 50 crores
Tenure:	7 years,
Repayment:	At the end of 5 th , 6 th and 7 th years
Trustee:	Canara Bank, Bangalore-560027
Rating Assigned	AA (so)/ stable

Credit enhancement and payment mechanism for the instrument:

Repayment obligations on the proposed bond issue are supported through the escrow structure, which would ensure that the cash flows from water & sewerage charges and water & sewerage taxes captured at source and that adequate funds are available at the time of meeting the interest and principal obligations to the bondholders. Timely servicing of financial obligations on the proposed bond issue would be facilitated through Tripartite Agreement between the Chennai water Board, the account bank and the Trustee of the bondholders. The key features of the tripartite agreement for ensuring timely payment of dues to bondholders are as follows:

1. The Chennai water board would pay the bondholders, both interest and principal on a semi-annual basis in the months of December and June of every year.
2. The Chennai Water Board will maintain a trust and retention account known as the Bond Payment Account.
3. All the amounts collected by the Chennai Water Board in all the 11 zonal accounts will be transferred to the Bond Payment Account.
4. Till the required amount for the fixed deposits accumulates in the Bond Payment Account and the fixed deposits have been made from time to time, the Chennai Water Board will not be permitted to withdraw funds from the Bond Payment Account.
5. All amounts lying in and to the credit of the Bond Payment Account will be exclusively charged to the trustee
6. The Bond Payment Account will be operated solely in accordance with the instructions of the trustee

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.



7. The Chennai Water Board will issue irrevocable instructions to the Account Bank to act in accordance with the aforesaid structure
8. CRISIL will retain the flexibility to change the cash flow mechanism / cash flow collection months, based on any future changes in the skewed cash flows in the collection account.
9. The Bond Payment Account and fixed deposits shall be operated only in terms of a tripartite agreement to be entered into among the trustee, the account bank and Chennai water board. The tripartite agreement will incorporate the escrow mechanism as stipulated above

Interest payments:

- The interest payments are to be semi- annual
- 4 months prior to the payment of each interest installment, the Account Bank will transfer the amounts in the following fashion

	Escrowing the Collections
For interest payments due on December 31	1/6 th of interest payment from August, October and November collections and ½ of interest payment from September collections in the same year.
For interest payments due on June 30	1/6 th of interest payment from February, April and May collections & ½ of interest payment from March collections in the same year.

- The trustee will have all right title and interest in the maturity proceeds of the fixed deposits
- 2 business days prior to each interest payment due date, amounts from the fixed deposits will be transferred to the Bond Payment Account
- After payments to the investors have been made in full, excess amounts if any, in the Bond Payment Account will be transferred to Chennai water board

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.





Principal repayments:

- The principal repayments will take place semi annually in the 5th, 6th and 7th years

4 months prior to the payment of each principal + interest installment, the Account Bank will transfer the amounts in the following fashion

	Escrowing the Collections
For principal + interest payments due on December 31	1/6 th of (principal + interest) payments from August, October and November collections and ½ of (principal + interest payments) from September collections in the same year
For principal + interest payments due on June 30	1/6 th of (principal + interest) payments from February, April and May collections & ½ of (principal + interest) payments from March collections in the same year.

- The trustee will have all right title and interest in the maturity proceeds of the fixed deposits
- 2 business days prior to each principal payment due date, amounts from the fixed deposits will be transferred to the Bond Payment Account

After payments to the investors have been made in full, excess amounts if any, in the Bond Payment Account will be transferred to the Chennai water board

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.





Annexure b

As issuer of the Bonds- Chennai Metropolitan Water Supply & Sewerage Board (the Chennai water board) will give the following warranties:

1. All information provided to CRISIL with regard to the operation of the guarantee structure is true and correct.
2. The executants of the legal documentation on behalf of the Chennai water board has been duly empowered and authorized to execute the same and to perform all the obligations in accordance with the terms set out therein.
3. The Chennai water board undertakes to incorporate the instrument details and the payment structure as proposed by CRISIL in the Information Memorandum of the bond issue.
4. The Chennai water board undertakes to satisfy all the covenants for the Redeemable Non Convertible Bond are valid till the latter are fully redeemed.
5. The Chennai water board would reproduce CRISIL's Rating letter and rationale in entirety, in the offer document for the aforesaid bonds.
6. Within 60 business days of the date of CRISIL's Rating Information letter, or 60 business days prior to the first due date for payment of interest and / or principal installment for the bond issue, whichever is earlier, The Chennai water board would do the following
 - Open a Designated A/c with a bank approved by CRISIL, for meeting the obligations on the aforesaid bonds.
 - Execute all such deeds, documents and Power of Attorney necessary entitling the Trustees to operate the Designated Account

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.





Annexure c

Details Of the Rs. 50 crore Tax Free Bonds Issue of The Chennai Metropolitan Water Supply & Sewerage Board (The Chennai water board)

	1st tranche		2nd tranche		3rd tranche	
<i>Instrument Series:</i>						
<i>Amount Placed:</i>						
<i>Maturity Period:</i>						
<i>Coupon Rate:</i>						
<i>Interest Payment Dates:</i>						
<i>Principle Repayment Details:</i>	Date	Amount	Date	Amount	Date	Amount
<i>Investors:</i>						
<i>Trustees:</i>						

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.





Annexure d

Format of the Letter to be obtained from the Trustee within 30 calendar days from the date of opening of the issue

To
CRISIL Limited
Chennai

Re: Rs. 50 crore Tax free Bonds Programme of Chennai Metro Water Supply & Sewerage Board

With regard to the captioned transaction, we in our capacity as the Trustee for the transaction, confirm that all the requisite transaction documents are as per the terms and conditions of the information memorandum and the rating letter and have been duly executed.

CRISIL has a practice of keeping all its ratings under continuous surveillance and ratings are revised as and when circumstances so warrant. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at +91 (22) 5691 3001 – 09.



[TO BE PUBLISHED IN THE GAZETTE OF INDIA,
EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (II)]

Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)

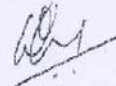
New Delhi, the 23rd March, 2005

NOTIFICATION
(Income Tax)

S.O. (E).- In exercise of the powers conferred by sub-clause (vii) of clause (15) of section 10 of the Income tax Act, 1961 (43 of 1961), the Central Government hereby specifies Tax Free Municipal Bonds for an amount of rupees fifty crores only to be issued by **Chennai Metropolitan Water Supply & Sewerage Board, Chennai, Tamilnadu** during the financial year 2004-2005 for the purpose of said sub-clause:

Provided that the benefit under the said sub-clause shall be admissible only if the holder of such bonds registers his or her name and the holding with the said Corporation.

[Notification No. 112/2005 /F.No. 178/17/2005-ITA-1]


(DEEPAK GARG)

Under Secretary to the Government of India

To

The Manager,
Government of India Press,
Ring Road, Mayapuri Industrial Area,
(Near Rajouri Garden), New Delhi.

CCDF

23/03/05



FROM : TAMILNADUHOUSE

PHONE NO. : 03124193444

MMR, 24 2005 03:49PM P1

दिल्ली को डी-एल-33004/99

RECD. NO. D.L.-33004/99



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—खण्ड (II)
PART II—Section 3—Sub-section (II)

प्रधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

नं. 295]
No. 295]

नई दिल्ली, बुधवार, मार्च 23, 2005/चैत्र 2, 1927

NEW DELHI, WEDNESDAY, MARCH 23, 2005/CHAITRA 2, 1927

विश्व संसद

(राज्य विभाग)

(केन्द्रीय प्रकाशक कार्यालय)

अधिसूचना

नई दिल्ली, 23 मार्च, 2005

(आयकर)

क्र.सा. 402(अ).—आयकर अधिनियम, 1961 (1961 का 43) की धारा 10 के खण्ड (15) के उप-खण्ड (vii) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, किन्तु आन्ध्र प्रदेश राज्य केन्द्रिय नैटिविजियन राज्य सरकारों एवं राज्यों को, केन्द्र, दिल्ली राज्य द्वारा वर्ष 2004-2005 के अन्तर्गत जारी किए जाने वाले पत्राचार परीक्षा तथा अन्य के लिए नए नियम संशोधनों को अन्तःक्रम-सूची में शामिल करने के लिए।

इसलिए कि 2005-06 के वित्त वर्ष के अन्तर्गत लाभ तथा हानि का प्रमाण पत्र एवं आयकर का प्रमाण पत्र एवं अन्य प्रमाण पत्रों के साथ संशोधित पत्र जारी करें।

अधिसूचना सं. 112/2005/अ. सं. 178/17/2005 आयकर वि. -I]

दीपक गर्ग, अवर सचिव

948 03/2005

(1)



FROM : TR1(L)NADURUSE,

PHONE NO. : 81124153444

DATE: 24/03/2005 03:52PM P2

2

THE GAZETTE OF INDIA - EXTRAORDINARY

[Part II—Sec. 3(1)]

MINISTRY OF FINANCE

(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 23rd March, 2005

(Income Tax)

S.O. 402(E).—In exercise of the powers conferred by sub-clause (vii) of clause (15) of Section 10 of the Income Tax Act, 1961 (43 of 1961), the Central Government hereby specifies Tax Free Municipal Bonds for an amount of rupees fifty crores only to be issued by Chennai Metropolitan Water Supply and Sewerage Board, Chennai, Tamilnadu during the financial year 2004-2005 for the purpose of said sub-clause:

Provided that the benefit under the said sub-clause shall be admissible only if the holder of such bonds registers his or her name and the holding with the said Corporation.

[Notification No. 112/2005/F. No. 178/17/2005-ITA-8]

DEEPAK GARG, Under Secy.





CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

(Statutory Board of the Government of Tamil Nadu)

Registered Office: No.1, Pumping Station Road, Chennai - 2.

Tel:- (044)28534444, 28534994, 28524388 Fax No. : (044)28531243, 28525544

Website: www.chennaietrowater.com, Email: cmwssb@md2.vsnl.net.in

APPLICATION FORM - CMWSSB Tax-free Municipal Bonds Series 2005

APPLICATION FORM NO.

Advisors & Sole Arranger
Karvy Investors Services Limited.

Dear Sir,

Having read and understood the contents of the memorandum of the private placement. I/ we apply for allotment to me/ us of the CMWSSB Tax-free Municipal Bonds 2005. The amount payable on application as shown below is remitted herewith. On allotment, please place my/ our name on the register of Bond Holder. I/ we bind ourselves to the terms & conditions as contained in the term sheet for private placement. I/ we note that the CMWSSB is entitled in its absolute discretion to accept or reject this application, whole or in part without assigning any reason what so ever

FOR OFFICE USE ONLY (CMWSSB)											
Date of Receipt of Application						Date of Clearance of Cheque					
(Please Read carefully The Instructions On The Next Page Before Filling Up This Application form.)											
No. Of Bonds Applied For (In Words)											
No. Of Bonds Applied For (In Figures)											
Amount (Rs.in words)											
Amount (Rs. In Figures)											
Cheque/ Demand Draft No.				Cheque/ Demand Draft drawn on (Name of the Bank)				Date			

(Pls tick Status which ever is applicable)

Banks, FIs	Insurance Companies	Mutual Funds	Societies	Sci., research organisations	Ind., others
RRBs, Cooperative Banks	PF/SF/GF	Companies/Bodies Corporate	Trusts		

1st APPLICANT DETAILS

Name & Address of the investor											
								Pin			
Telephone No						Fax No.					
1st Applicants Signatures											

2nd APPLICANT DETAILS

Name & Address of the investor											
								Pin			
Telephone No						Fax No.					



2nd Applicants Signatures			
Tax Details	PAN/ GIR No.		IT/ WARD CIRCLE
Bank Details	Bank Name & Address		
Account No.		Nature of Account	
DEMAT ACCOUNT DETAILS			
DP Name		Client ID	
Demat Account No.		Depository Participant ID No.	



CMWSSB Tax-free Municipal Bond 2005

INSTRUCTIONS TO THE APPLICATION FORM

2. Application form must be completed in full in Block Letters in English .A blank space must be left between or more parts of the name.

A	B	C	D	E	F	G
----------	----------	----------	----------	----------	----------	----------

Signature should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/Notary Public under his /her official seal.

3. Application form duly completed in all respects must be submitted at the office of branches of **Canara Bank** or Office of ADVISORS & SOLE ARRANGER. Cheques/ Demand Drafts should be drawn in favour of “**CMWSSB BONDS 2005**” and crossed “**A/c Payee only**”.
4. **Cheques/ Demand Draft should be deposited in Current A/c no.300 , Canara Bank.**
5. Outstation Cheques, cash, money orders, Postal orders and stock invest will NOT be accepted.
6. As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, applicants are requested to mention the full particulars to their bank account as specified in the Application Form. Interest warrants will then be made out in favour of the bank for credit to the applicant's account. In case the full particulars are not given cheques will be issued in the name of the applicant at his / her risk.
7. Receipt of applications will be acknowledged by the Company on the 'Acknowledgment Slip', appearing below the Application Form. No separate receipt will be issued.
8. In case of Applications under Power of Attorney or by issued Companies or other Bodies corporate a certified copy of Power of Attorney or a copy of the approval of the relevant authority as the case may be & should be deposited along with the Application form.
9. All applicants should mention their Permanent Account Number or the GIR number allotted under Income-Tax ACT 1961 and the Income-Tax Circle /Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.
10. The application would be accepted as per the terms of the Scheme outlined in the Memorandum of Private Placement.



LIST OF BRANCHES OF CANARA BANK, WHERE THE APPLICATION MONEY CHEQUE / DRAFT CAN BE DEPOSITED ALONGWITH THE APPLICATION FORM.

BRANCH	ADDRESS	CONTACT PERSON	STD CODE	PHONE NO	FAX NO.
BANGALORE	CANARA BANK TOWN HALL BRANCH NO.51, I FLOOR STOCK EXCHANGE TOWERS 1 ST CROSS, J C ROAD BANGALORE – 560 027	D KALLU RAO, SR.MGR	080	22226170 22238186 22238187	22236631
CHANDIGARH	CANARA BANK SECTOR 17 C BR SCO 117-119, SEC 17 C CHANDIGARH – 160 022	Sri R N Das Asst Gen Manager	0172	2704604 2701699 2702116 2702065	2703450
FARIDABAD – NIT	CANARA BANK FARIDABAD – NIT BR 7-A, NEHRU GROUNDS NEW INDUSTRIAL TOWN FARIDABAD 121 001	Sri S Balasubramania n, Asst Gen Manager	0129	2415064 2418738 2416784 2430426	2416785
GURGAON	CANARA BANK GURGAON BRANCH 289/7, OLD RAILWAY ROAD GURGAON –122 001 HARYANA	Sri D V Koli Chief Manager	0124	2322884 2325004	2327963
JAMMU	CANARA BANK JAMMU BRANCH KARAN BHAVAN, SHALIMAR ROAD JAMMU 180 001 J & K	Sri R C Sidhu Chief Manager	0191	2543262 2576622 2573107	
PATIALA	CANARA BANK PATIALA BRANCH 759, DHARAMPUR BAZAR PATIALA –147 001	Sri O P Chopra Chief Manager	0175	2213284 2201061 2202697	
SHIMLA	CANARA BANK SHIMLA BRANCH 67-68, THE MALL SHIMLA –171 001 HIMACHAL PRADESH	Sri M R Jangipuria Senior Manager	0177	2802139 2651569	
MOUNT ROAD CHENNAI	CANARA BANK MOUNT ROAD BRANCH RAYALA TOWERS ANNA SALAI CHENNAI – 600 002	S SIVASUBRAMA NIAN, MGR	044	28521075	28521075
KUMBAKONAM MAIN	CANARA BANK KUMBAKONAM MAIN BRANCH	M NATARAJAN OFFICER	0435	2422041 2422429	--



	P B NO.40 143, TSR BIG BAZAAR STREET KUMBAKONAM 612 001				
THANJAVOOR MAIN	CANARA BANK TANJAVUR MAIN BRANCH 1783-1784, SOUTH MAIN STREET THANJAVOOR 613 009	L GEORGE OFFICER	0436 2	231436 231992	--
VELLORE MAIN	CANARA BANK VELLORE MAIN BRANCH P B NO.408, IRCS BUILDING VELLORE 632004	K JANAKI RAMAN MGR	0416	2221080 2221180	
TEPPAKULAM TRICHY	CANARA BANK TEPPAKULAM BRANCH P B NO.354 VENKATESA MALIGAI 26, NANDI KOIL STREET TEPPAKULAM TRICHY – 602 002	C JEYA KUMARAN SM	0431	2701222- 224	
KARUR	CANARA BANK KARUR BRANCH 37 KOVAI ROAD KARUR 639 0012	R SAIRAM SM	0432 4	232074 239538 232068	49019
PONDICHERRY	CANARA BANK PONDICHERRY BRANCH P B NO.16 45, NSC BOSE ROAD PONDICHERRY 605 001	S CHANDRA SEKARAN SM	0413	2339010 2337054	233182
ABID ROAD HYDERABAD	CANARA BANK ABID ROAD – HYDERABAD BR 4-1-954 ABID ROAD HYDERABAD 500 001	C HARI PRAKASH RAO SM	040	23438632 23438633	23438698
M J MARKET HYDERABAD	CANARA BANK M J MARKET-HYDERABAD BR TULJAGUDA COMPLEX AP HOUSING BOARD BUILDING MOZAMJAHU MARKET HYDERABAD – 500 001	S M SHARIFF SM	040	23438707 23438708	
R P ROAD SECUNDERABAD	CANARA BANK R P ROAD SECUNDERABAD BR R P ROAD, H NO.311-81 SECUNDERABAD 500 003	D LAXMANA RAO, SM	040	23438660 23438656	
DABA GARDENS VISAKHAPATNAM	CANARA BANK DABA GARDENS, VISAKHAPATNAM BR J MP/30-15-160	P SAIBABA	0891	563528 561722 564154	



	WARD NO.17 MAMIN ROAD DABA GARDENS VISAKHAPATNAM – 530 020				
N S ROAD KOLKOTA	CANARA BANK N S ROAD – KOLKOTA BRANCH 33/1, N S ROAD KOLKOTA –700 001	B K Pal Sr.Manager D L Pandey Mgr	033	2220 0049(Gen 2210 2889(SM 2210 2883(M)	2220 9417
CAPITAL MARKET SERVICE BRANCH, MUMBAI	CANARA BANK CAPITAL MARKET SERVICE BRANCH VERMA CHAMBERS GROUND FLOOR, 11, HOMJI STREET, FORT MUMBAI 400 001	SRI R V KAMATH MGR	022	22662816 22661618 22692973	22664140
CUFFE PARADE MUMBAI	CANARA BANK CUFFE PARADE MUMBAI BR G D SOMANI SCHOOL BLDG CUFFEE PARADE MUMBAI – 400 005	SRI S C PATIL CM	022	22186496 22154604 22186497	22180870
NARIMAN POINT MUMBAI	CANARA BANK NARIMAN POINT BRANCH 'C' WING, GROUND FLOOR MITTAL TOWERS,, NARIMAN POINT MUMBAI 400 021	SRI C RAMESH AGM	022	22831448 22042807 2283 5118 22835110	22882492 22045876
CAPITAL MARKET SERVICES BRANCH, NEW DELHI	CANARA BANK CAPITAL MARKET SER BR JEEVAN BHARATI BUILDING TOWER II, SANSAD MARG NEW DELHI	KANSAL	011	23719542 23356864	23719542
JAIPUR (M I ROAD)	CANARA BANK JAIPUR M I ROAD BRANCH 012, IST FLOOR, ASHOK MARG C-SCHEME NEAR AHIMSA CIRCLE JAIPUR –342 001 (RAJASTHAN)	KANHAIYALAL	0141	2360467 2372749	
TRICHUR MAIN	CANARA BANK TRICHUR MAIN BRANCH P B NO.66, I FLOOR RAM RAJ BUILDING ROUND SOUTH, TRICHUR 680 001	PPJ NAIR CM	0487	2426943 2422872 2420836	2426943
PUTHENCHANTHAI TIRUVANANTHAPU RAM	CANARA BANK PUTHENCHANTHAI TVM BR TC 25/1647	R S KAMATH CM	0471	2320405 2330499 2330566	2330916



	DEWASWOM BOARD BLDG M G ROAD, TIRUVANANTHAPURAM 695 001				
BROADWAY ERNAKULAM	CANARA BANK BROADWAY-ERNAKULAM BR SHENOY'S CHAMBER 40/2363. SHANMUGHAM ROAD ERNAKULAM – 682 031	T S M NAIR CM	0484	2369618 2361264	
CAPITAL MARKET SERVICES BRANCH AHMEDABAD	CANARA BANK CAPITAL MARKET SERVICE BR NARAYAN CHAMBERS B/H PATANG HOTEL, NEHRU BRIDGE CORNER ASHRAM ROAD AHMEDABAD – 380 009	PANKAJ L PALEJA CM	079	6577487	6575784
TRIKONBAG RAJKOT	CANARA BANK TRIKON BAG, RAJKOT BRANCH P B NO.175, TRIKON BAG RAJKOT – 360 001	S R SHAH, SM	0281	2226936	2223332
K M ROAD SURAT	CANARA BANK K M ROAD, SURAT BRANCH P B NO.216, 'ANNAPURNA' KOTSAFIL MAIN ROAD SURAT – 395 003	V B VARTAK CM	0261	2442201 2432045	2433997
RAOPURA VADODARA	CANARA BANK RAOPURA ROAD VADODARA BR P B NO.187, LOHANA BLDG., PROF MANICK RAO ROAD RAOPURA, VADODARA 390 001	J G PARMAR CM	0265	2439695 2415273	2432503
DECCAN GYMKHANA PUNE	CANARA BANK DECCAN GYMKHANA PUNE BR 1259, J M ROAD DECCAN GYMKHANA PUNE – 411 004	S S KULKARNI SM	020	25531787 25531747 25532939	25533712
CAMP, PUNE	CANARA BANK CAMP PUNE BRANCH 11, M G ROAD P B NO.21 RED CROSS BLDG PUNE – 411 001	R K DANG OFFICER	020	26130632 26051716 26131833	26131832



CONTACT ADDRESSES OF THE ADVISORS & SOLE ARRANGER;

CENTRE	ADDRESS	TEL. NO.
Hyderabad	Karvy Investor Services Limited "KARVY HOUSE" 46, Avenue 4, Street no.1, Banjara Hills, Hyderabad – 500 034.	040 2337 4714/23320752
Mumbai	Karvy Investor Services Limited 2 nd Floor, Regent Chambers, Nariman Point, Mumbai – 400 021. Karvy Investor Services Limited 16-22, Bake House, Maharashtra Chamber of Commerce lane, Opp:Msc Bank, Fort, Mumbai.	022 – 22895000 022 – 56382666
Kolkata	Karvy Investor Services Limited 49, Jatin Das Road, Kolkata – 700 029.	033 – 24644866, 24634787
Bangalore	Karvy Investor Services Limited T.K.N.Complex, No.51/2, Vanivilas Road, Opp: National College, Basavanagudi Banagalore – 560 004.	080 – 26621192, 93
Chennai	Karvy Investor Services Limited G-1, Swathi Court, 22, Vijayaraghava Road, T.Nagar, Chennai – 600 017.	044 – 28151034, 3445, 3658
Delhi	Karvy Investor Services Limited 105-108, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi – 110 001.	011 – 55305325, 51520316

For CMWSSB


25.03.05

(V. THANGAVELU)

**V. THANGAVELU, IAS.,
Managing Director
Chennai Metropolitan Water
Supply and Sewerage Board,
Chennai - 600 002.**



