



To
The Project Director
Tamil Nadu Housing and Habitat Development Project

Report on the Audit of the Project Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Tamil Nadu Housing and Habitat Development Project financed by the International Bank for Reconstruction and Development (IBRD) Loan No.9094-IN and implemented by TNUHDB, CMDA and TNIFMC. These financial statements comprise of the source and uses of funds, reconciliation of claims, and notes to these financial statements, including a summary of significant accounting policies (collectively referred to as the "Project Financial Statements").

In our opinion, the aforesaid special purpose Project Financial Statements give a true and fair view of the **financial position of the Project as at March 31, 2021, in case a Statement of Financial Position is prepared** income and expenditure statement (where applicable), receipts and disbursements of the Project for the year ended on March 31, 2021 and the expenditure of the Project for the year ended on March 31, 2021, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the World Bank read with the Loan Agreement and Project Agreement both dated June 29, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the implementing agency in accordance with the ICAI's Code of Ethics for undertaking this assignment, and we have fulfilled our ethical responsibilities in accordance with ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Emphasis of Matter

We draw attention to Notes given to the PFS describing the basis of accounting and other key points. The PFS is prepared based on cash basis of accounting to assist the Tamil Nadu Housing and Habitat Development Project to meet the financial reporting requirements of the Project's Financing Agreements for Investment Project Financing dated June 29, 2020 in respect of preparation of the Project Financial Statements in a manner to reflect the operations, resources and expenditures related to the Project. As a result, these special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with Governance for the Project Financial Statements

The Management of the implementing agency is responsible for the preparation and fair presentation of the Project Financial Statements in accordance with the financial reporting framework described in Notes to these financial statements, and for such internal control as management determines is necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error.

The Management and those charged with governance are responsible for overseeing the implementing agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the Project Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:



- identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures and whether these financial statements present the Project's operations and underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting provisions described in Notes to the Project Financial Statements.
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirement

Further to our opinion on the Project Financial Statements we further report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts have been kept by the implementing agency for Project purposes so far as appears from our examination of those books;
- c) the Project Financial Statements dealt with by this report is in agreement with the books of accounts;
- d) the Project funds were utilized for the purposes for which they were provided;
- e) expenditures, including assets created under the Project, shown in the PFS are eligible for financing under the Project Financing Agreements;



- f) Interim Financial Reports (IFR) submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims;
- g) Procurement has been carried out in line with the agreed procedures as detailed in the Operations Manual/Procurement Manual/Project Implementation Plan/Legal Agreements; and
- h) the Project has an adequate internal financial control system (including IT controls) and such controls were operating effectively as at March 31, 2021 and the Project complies with the provisions on financial management contained in the Operations Manual/ Project Implementation Plan/ Financial Management Manual, in all material aspects.



For G.Natesan & Co,
Chartered Accountants
FRN 002424S

K.P. Ranganathan

CA. K.P. Ranganathan
Partner
(Membership No.239498)

UDIN 21239498AAAAB17752

Place: Chennai
Date: 25-11-2021

TNHHDP PROJECT
Project Financial Statement for the year from 01.04.2020 to 31.03.2021

Source and Use of funds (Component wise)

Annexure- 1

Amount in INR

Particulars	Expenditure for the year	Non claimable for the year	Eligible Expenditure	Reimbursement %	Reimbursable amount
Sources	1	2	(3) = (1) - (2)	4	5=3x4
Opening Bank Balance	-	-	-	-	-
Add: Amount received during the year	656,120,000	-	-	-	-
Add: Interest	-	-	-	-	-
Total Sources	656,120,000	-	-	-	-
Expenditure by Component:					
Component 1: Enabling private sector participation in affordable urban housing provision					
Investment in Units of TNSF	650,000,000	-	650,000,000	63%	409,500,000
Component 2: Strengthening Tamil Nadu's urban housing institutions for enhanced sustainability					
TNSCB	160,000	-	160,000	100%	160,000
CDMA	2,050,000	-	2,050,000	100%	2,050,000
TNIFMC	1,510,000	-	1,510,000	100%	1,510,000
TOTAL Uses (PROJECT EXPENDITURE)	653,720,000	-	653,720,000		413,220,000
Closing Balance	2,400,000	-		-	

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Director Finance

FINANCIAL ADVISOR
Project Monitoring Unit

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5, Kamarajar Salai, Chennai-600 005.

Project Director

Project Director

**JOINT MANAGING DIRECTOR AND
Project Director (WB and ADB Project)**
Tamil Nadu Urban Habitat Development Board
5, Kamarajar Salai, Chennai-600 005.

For G.Natesan & Co.,

K.P. Ranganathan

Partner

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Source and Use of funds (Entity wise)

Annexure- 2

	Amount in INR			
	Consolidated	TNSCB	TNIFMC	CMDA
Sources of Funds				
Opening Bank Balance				
Add: Fund drawn from Government of Tamil Nadu	506,120,000	6,120,000	500,000,000	
Add: Tamil Nadu Housing Board	150,000,000		150,000,000	
Add: Interest received, if any				
ADD: Fund from own source (Board's Fund)			1,510,000	2,050,000
Total Sources	656,120,000	6,120,000	651,510,000	2,050,000
Uses of Funds				
Category 1				
Investment in Units of TNSF	650,000,000		650,000,000	
Category 2				
Goods				
Consulting Services	2,100,000	160,000	1,510,000	430,000
Non-Consulting Services	190,000			190,000
Operating Costs	1,430,000			1,430,000
Total uses	653,720,000	160,000	651,510,000	2,050,000
Closing Bank Balance	2,400,000	5,960,000	-	-

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S. S. S. S. S.
Project Director

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Details of Equity investment under Component 1

Annexure – 3

		Amount in INR				
Name of the entity	Date of investment	Value of investment	Date of units issued	No of units issued	Total value of units issued	
Tamil Nadu Housing Board	29.01.2020	150,000,000	29.01.2020	15,000,000.00	150,000,000.00	
Government of Tamil Nadu	25.03.2021	500,000,000	25.03.2021	49,997,500.13	499,975,001.25	
				Total	649,975,001.25	

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A. S. Shanmugam
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Reconciliation of Claims to Total Applications of Funds

Annexure- 4

Amount in INR

Particulars	Schedules	Current Year	Previous Year	Project to date
Bank Funds claimed (A)	I			
Withdrawal claims for first quarter as per IUFR				
Withdrawal claims for second quarter as per IUFR		95,400,000	-	95,400,000
Withdrawal claims for third quarter as per IUFR		920,000	-	920,000
Withdrawal claims for fourth quarter as per IUFR		315,830,000	-	315,830,000
Total Bank funds claimed	-	412,150,000	-	412,150,000
Total expenditure made during the year (B)		653,720,000	-	653,720,000
Expenditure as per books of account		653,720,000	-	653,720,000
Less			-	
Ineligible expenditure (C)	II	-	-	-
Expenditures not claimed (D)	III	1,070,000	-	1,070,000
Total eligible expenditure claimed (E)=(B)-(C)-(D)		652,650,000	-	652,650,000
World Bank Share as per eligible percentage (F)		412,150,000	-	412,150,000
Excess/ Shortage of claims over expenditure (A)-(F)		-		

G. Kumari

Director Finance

G. John. H. P.
Project Director

FINANCIAL ADVISOR

Project Monitoring Unit

Notes:

Tamil Nadu Urban Habitat Development Board
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- The project financial statement is prepared on cash basis of accounting.
- CMDA and TNIFMC incurred the expenditure by using their own Board funds and yet to draw the funds from the Government Budget.
- (D) Expenditure not claimed:
A sum of Rs. 10,70,000/- has been incurred during March 2021 whereas it has been claimed from Bank during June 2021 quarter ended.

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