



To

The Project Director
Tamil Nadu Housing and Habitat Development Project,
Tamil Nadu Urban Habitat Development Board,
No.5, Kamarajar Salai, Chepauk,
Chennai-600 005.

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-IND 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, 2023**, receipts and disbursements of the Project for the year ended on March 31, 2023 and the expenditure of the Project for the year ended on March 31, 2023, 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.





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.

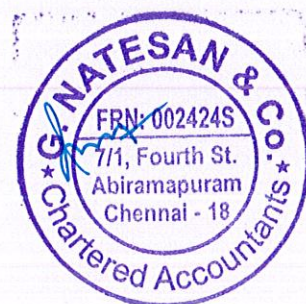




As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

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:

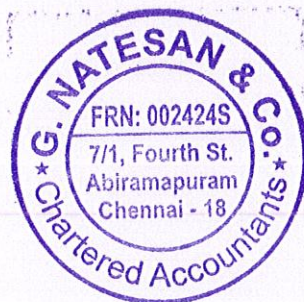
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts have been kept by the implementing agency for Project purposes so far as appears from our examination of those books;
- c) The Project Financial Statements dealt with by this report agrees 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, 2023 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: 23239498BGYUPL6777



Place: Chennai

Date: 02.11.2023

Tamil Nadu Housing and Habitat Development Project
Project Financial Statement for the year from 01.04.2022 to 31.03.2023

Source and Use of funds (Component wise)

Annexure- 1

Amount. in INR

Particulars	Expenditure	Non claimable	Eligible Expenditure	Reimbursement %	Reimbursable amount
	for the year	for the year			
Sources	1	2	(3) = (1) - (2)	4	5=3x4
Opening Bank Balance	47,900,300				
Add: Amount received during the year	792,748,349				
Add: Interest	2,676,444				
Total Sources	843,325,093				
Expenditure by Component:					
Component 1: Enabling private sector participation in affordable urban housing provision					
Investment in Units of TNSF	570,400,000		570,400,000	63%	359,352,000
Component 2: Strengthening Tamil Nadu's urban housing institutions for enhanced sustainability					
TNUHDB	24,678,996		24,678,996	100%	24,678,996
CDMA	19,381,265		19,381,265	100%	19,381,265
TNIFMC	797,782		797,782	100%	797,782
TOTAL Uses (PROJECT EXPENDITURE)	615,258,043		615,258,043		404,210,043
Closing Balance	228,067,050			-	

G. K. Srinivasan
 1.11.2023
 Director Finance

M. J. J. J.
 10/11/23
 Project Director

FINANCIAL ADVISOR
 Project Monitoring Unit
 Tamil Nadu Urban Habitat Development Board
 5, Kamarajar Salai, Chennai-600 005.

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



Tamil Nadu Housing and Habitat Development Project
Project Financial Statement for the year from 01.04.2022 to 31.03.2023

Source and Use of funds (Entity wise)

Annexure- 2

	Amount. in INR			
	Consolidated	TNUHDB	TNIFMC	CMDA
Sources of Funds				
Opening Bank Balance	47,900,300	47,900,300		
Add: Fund drawn from Government of Tamil Nadu	792,748,349	61,348,349	576,400,000	155,000,000
Add: Tamil Nadu Housing Board	-	-		
Add: Interest received, if any	2,676,444.00	2,610,184	-	66,260
Total Sources	843,325,093	111,858,833	576,400,000	155,066,260.00
Uses of Funds				
Category 1				
Investment in Units of TNSF	570,400,000	-	570,400,000	0
Category 2				
Goods	161,834	-	-	161,834
Consulting Services	41,686,909	24,678,996	797,782	16,210,131
Non-Consulting Services	-	-	-	-
Operating Costs	3,009,300	-	-	3,009,300
Total uses	615,258,043	24,678,996	571,197,782	19,381,265
Less: Expenditure incurred for component - 2 during the preceding last 2 years by utilising TNIFMC Main fund were returned from the Project account during the year.			2,520,000	
Closing Bank Balance	228,067,050	87,179,837	2,682,218	135,684,995

G. Iyer
 Director Finance 11.11.2023

M. Jeyaraj
 Project Director

Notes:

1. The Project Financial Statement is prepared on cash basis of accounting.
2. CMDA: Since fund from budget for component 2 was drawn during March 2023, expenditure incurred during the preceding 3 years by utilising CMDA main fund is yet to be returned from project funds.

**JOINT MANAGING DIRECTOR AND
 Project Director (WB and ADB Project)
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Tamil Nadu Housing and Habitat Development Project
Project Financial Statement for the year from 01.04.2022 to 31.03.2023

Details of Equity investment under Component 1

Annexure- 3

Name of the entity	Date of investment	Value of investment	Date of units issued	No of units issued	Amount. in INR
					Total value of units issued
Government of Tamil Nadu	8/29/2022	570,400,000	8/29/2022	57,037,148.143	570,371,481.430
				TOTAL	570,371,481.430

G. Leem
11.11.2023
Director Finance

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Project Monitoring Unit

Tamil Nadu Urban Habitat Development Board
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Tamil Nadu Housing and Habitat Development Project
Project Financial Statement for the year from 01.04.2022 to 31.03.2023

Reconciliation of Claims to Total Applications of Funds

Annexure- 4

Particulars	Schedules	Amount in INR		
		Current Year	Previous Year	Project to date
Bank Funds claimed (A)	I			
Withdrawal claims for first quarter as per IUFR		12,190,000	1,540,000	13,730,000
Withdrawal claims for second quarter as per IUFR		366,042,000	1,350,000	462,792,000
Withdrawal claims for third quarter as per IUFR		7,140,000	1,080,000	9,140,000
Withdrawal claims for fourth quarter as per IUFR		18,850,000	230,470,000	565,150,000
Total Bank funds claimed		404,222,000	234,440,000	1,050,812,000
Total expenditure made during the year (B)				1,635,554,241
Expenditure as per books of account		615,258,043	367,653,851	1,635,554,241
Less:				
Ineligible expenditure (C)	II			
Expenditures not claimed (D)	III			-
Total eligible expenditure claimed (E)=(B)-(C)-(D)		615,258,043	367,653,851	1,635,554,241
World Bank Share as per eligible percentage (F)		404,210,043	234,453,851	1,050,813,895
Excess/ Shortage of claims over expenditure (A)-(F)		11,957	-13,851	-1,895

G. Leela
1.11.2023
Director Finance

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M. J. J. J.
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