

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To,
The Board of Directors
Central Mine Planning & Design Institute Limited
Gondwana Place, Kanke Road
Ranchi – 834008
Jharkhand, India

Dear Sirs,

1. We Deoki Bijay & Co, Chartered Accountants have examined the attached Restated Financial Information of Central Mine Planning & Design Institute Limited (the “Company” or the “Issuer”) comprising the Restated Statement of Assets and Liabilities as at December 31, 2025, December 31, 2024, March 31, 2025, March 31, 2024 and March 31, 2023, and the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the nine month period ended December 31, 2025, nine month period ended December 31, 2024, years ended March 31, 2025, March 31, 2024, and March 31, 2023, and the summary statement of material accounting policies together with the notes thereto and other explanatory notes (collectively, the “**Restated Financial Information**”), for the purpose of inclusion in the Red Herring Prospectus (“**RHP**”)/ Prospectus, to be prepared by the Company and proposed to be filed with the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) in connection with its proposed initial public offer of equity shares of face value Rs. 2 each of the Company (the “**Offering**”). The Restated Financial Information, which have been approved by the board of directors of the Company at their meeting held on February 23, 2026, have been prepared in accordance with the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “**Act**”);
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”), as amended from time to time (the “**Guidance Note**”).

Management’s Responsibility for the Restated Financial Information

2. The Company’s Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the offer document to be filed with Securities and Exchange Board of India Limited (“**SEBI**”), BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) (collectively, the “**Stock Exchanges**”) where the equity shares are proposed to be listed and the Registrar of Companies, Jharkhand at Ranchi in connection with the IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2.1 of the Restated Financial Information. The management’s responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The management is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and Guidance Note.



Auditor's Responsibilities

3. We have examined such Restated Financial Information taking into consideration:
- The terms of reference and terms of our engagement agreed upon with you in accordance with engagement letter dated February 3, 2026 in connection with the Offering (IPO) of the Company;
 - The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations, and the Guidance Note in connection with the IPO.

Restated Financial Information

4. These Restated Financial Information have been compiled by the management from:
- The audited special purpose financial statements of the Company as at and for the nine month period ended December 31, 2025, prepared in accordance with accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, which have been approved by the Board of Directors at their meeting held on February 23, 2026.
 - The audited special purpose financial statements of the Company as at and for the nine month period ended December 31, 2024, prepared in accordance with accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, which have been approved by the Board of Directors at their meeting held on February 23, 2026.
 - Audited financial statements of the Company as at and for the year ended March 31, 2025, prepared in accordance with accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, which have been approved by the Board of Directors at their meeting held on April 30, 2025.
 - Audited financial statements of the Company as at and for the year ended March 31, 2024, prepared in accordance with accounting principles generally accepted in India including the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, which have been approved by the Board of Directors at their meeting held on April 25, 2024.
 - Audited special purpose financial statements of the Company as at and for the years ended March 31, 2023 prepared in accordance with the accounting principles generally accepted in India including Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, which have been approved by the Board of Directors at their meeting held on May 24, 2025.



5. For the purpose of our examination, we have relied on:
- The auditor's report issued by us dated February 23, 2026 on the audited special purpose financial statements of the Company as at and for the nine months period ended December 31, 2025 and as referred in Paragraph 4(a) above;
 - The auditor's report issued by us dated February 23, 2026 on the audited special purpose financial statements of the Company as at and for the nine months period ended December 31, 2024 and as referred in Paragraph 4(b) above;
 - Audit report issued by M/s K.C. Tak & Co., Chartered Accountants dated April 30, 2025 as at and for the year ended March 31, 2025 and as referred in Paragraph 4(c) above;
 - Audit report issued by M/s K.C. Tak & Co., Chartered Accountants dated April 25, 2024 as at and for the year ended March 31, 2024 and as referred in Paragraph 4(d) above; and
 - Special purpose audit report issued by M/s K.C. Tak & Co., Chartered Accountants dated May 24, 2025 on the audited special purpose financial statement of the Company as at and for the year ended March 31, 2023 as referred in Paragraph 4(e) above.
6. Based on our examination and according to the information and explanations given to us we report that the Restated Financial Information:
- Has been prepared after incorporating adjustments for changes in accounting policies, material errors, and retrospective regrouping/reclassifications for the nine month period ended December 31, 2025, nine month period ended December 31, 2024, financial years ended March 31, 2025, March 31, 2024, and March 31, 2023, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine month period ended December 31, 2025.
 - The auditors' reports referred to in paragraph 5 above do not contain any qualifications that would necessitate adjustments to the Restated Financial Information. However, certain matters noted under the Emphasis of Matter and Other Matters sections of those reports are outlined in '**Annexure-1**'
 - Have been prepared in accordance with the Act, ICDR Regulations, and the Guidance Note.
- We have not conducted an audit of the Company's financial statements for any date or period subsequent to December 31, 2025. Consequently, we do not express any opinion on the financial position, results of operations, cash flows, or statement of changes in equity of the Company for any date or period after December 31, 2025.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, other Assurance and Related Services Engagements" issued by ICAI.
8. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports in respect of the audited financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP, RHP/ Prospectus to be filed with SEBI, Stock Exchanges and the Registrar of Companies, Jharkhand, situated at Ranchi in connection with the Offering. Our report should not be used, referred to, or distributed for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For Deoki Bijay & Co.
Chartered Accountants
FRN-313105E



CA Abhishek Kedia
Partner
Membership No.-401607



Place: Mumbai
Date: February 23, 2026.
UDIN: 26401607FMBVTX2154

Annexure -1' Other matters referred in para 7 to INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION of Central Mine Planning & Design Institute Limited (the "Company" or the "Issuer")

1. For the nine months interim period ended 31st December 2025:

Other Matters

- a. It was observed that debtors include old outstanding balances of Rs. 99.23 Crores (P. Y. Rs. 72.03 Crores) against CIL subsidiaries, pending for realization for more than 1 year. As per circular no CIL/DT/2021/3093 issued by CIL;
- i) Payment of 70% of basic amount of bill value and 18% GST (i.e., total 75% of total bill value.) thereon to be paid by subsidiaries to CMPDI within 15 days of receipt of bill;
- ii) Bill reconciliation in future shall be through a portal and CMPDI shall intimate the action on portal and communicate with subsidiaries;
- iii) Outstanding bills for more than one year shall be reviewed jointly by the CMPDI and the concerned subsidiary. However, during the course of our audit it was observed that the bills raised to subsidiaries are not being recovered as per the above-mentioned circular issued by CIL. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.
- b. Non-current Assets under Property, Plant & Equipment's (PPE) includes non-current assets purchased from S&T and R&D grant/fund received from GoI/CIL. As on 31.12.2025, residual value (WDV) of 324 assets (Plant & Equipment's) purchased from these funds was Rs. 6.31 Crores. It was noticed that out of 324 assets, life of 252 assets valuing Rs. 1.72 Crores, was beyond 15 years and was ranged up to 50 years (since 1975) and the life of 72 assets valuing Rs. 4.59 crores is less than 15 years.

As per para 16 of IND AS-16 states that the cost of an item of PPE shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. Further, an item of PPE is derecognized upon disposal or when non-future economic benefits are expected from the continued use of assets.

The significant Accounting Policy of the company considers maximum useful life of any assets under Plant & Equipment assets as 15 years, therefore, the useful life of assets having 15 years or more have already been expired and these assets requires to be derecognized charged to Capital Reserve Account in which the funds/grants are maintained.

The CMPDIL management has, however, explained that the ownership of S&T and R&D Assets rests with the Ministry of Coal & CIL. CMPDIL being an implementing agency cannot take survey-off initiative on his own without prior permission of MoC/CIL and they have communicated the matter to MoC and CIL, requesting them to initiate the necessary steps for asset disposal and providing an update to CMPDIL. Despite reminders from CMPDIL management, as of now, directives from MoC and CIL regarding the disposal of these assets are still pending. Given this situation, CMPDIL management is awaiting further communication from MoC and CIL to proceed with the necessary course of action regarding the disposal of assets procured under S&T projects funded by MoC and R&D funded by CIL.

In view of the above, de-recognition of old assets whose useful life of assets having 15 years or more related to S&T and R&D and adjustment in non-current assets & capital reserves for Rs. 1.72 Crores, have not been done during the current period.



- c. During the course of our audit, while verifying the Capital Work-in-Progress (CWIP) – specifically the AUC Building account (Asset Code: 20101030) at RI-VII, we observed that the closing balance includes a sum of Rs. 0.14 Cr. relating to the construction of residential buildings at Lakhanpur for Gopalpur Camp.

Based on discussions with the management and review of supporting documents, it was noted that the project has been formally foreclosed by the company after issuance of a tender and incurring initial costs toward soil testing, survey, and forest land clearance.

As per Ind AS 16 – Property, Plant and Equipment, the carrying amount of an item of property, plant, and equipment shall be derecognized either on disposal or when no future economic benefits are expected from its use or disposal.

Capital Work-in-Progress (CWIP) typically represents costs incurred on assets that are under construction and expected to result in future economic benefits. In the present case, since the project has been foreclosed and there is no likelihood of its revival, the continued capitalization of such expenditure is not in compliance with Ind AS 16.

As informed to us the matter was presented in meeting of the FD committee held on 01.11.2024 & was put up again on meeting of the FD committee held on 14.06.2025 and the matter is recommended by the FDs to be put up in Board through Audit committee. It will be needed to put-up in CMPDI Board meeting for approval. Pending such approval, consequential impact on final outcome is currently not ascertainable.

- d. *The comparative financial results of the Company for the corresponding year to date results for the period April 01st, 2024 to December 31st, 2024, were reviewed by the then Statutory Auditor of the Company, and the financial statement of the Company for the year ended March 31st, 2025 were audited by the then Statutory Auditor of the Company, who expressed an unmodified opinion on those financial results and financial statement on January 20th, 2025 and April 30th, 2025.*
- e. *We draw attention to Note 16 to the interim financial statements, which describes that during the quarter / period ended 31 December 2025, the Government of India implemented the new consolidated Labour Codes with effect from 21 November 2025. As stated in the said note, the Company is in the process of evaluating the operational and financial implications arising from the implementation of the new Labour Codes and, accordingly, no adjustments have been made to the interim financial results for the period ended 31st December 2025.*

Our conclusion is not modified with regard to above matters.

2. **For the nine months' interim period ended 31st December 2024:**

NIL

Our conclusion is not modified with regard to above matters.



“Emphasis of Matter, Other Matter / Comments paragraphs included in the Audit Reports for the periods ended 31st March 2025, 31st March 2024, and in the Audit Report on the Special Purpose Financial Statements for the year ended 31st March 2023, contain figures presented in Indian Rupees (Rs.) Million, whereas the figures mentioned in the respective Audit Reports for the periods ended 31st March 2025, 2024, and 2023 are reported in Indian Rupees (Rs.) Crore.” The note numbers referred pertain to Restated Consolidated Financial Information and not those mentioned in original Auditor’s reports of the respective years/periods.

1. For the period ended 31st March 2025:

Emphasis of Matter paragraph with respect to audit report issued by us

We draw attention to the following matters:

“Balances of Loans (Note No 4.2), other financial assets (Note No 4.6), other current assets (Note No 6.2), other non-current assets (Note No 6.1), trade payables (Note No 8.3), trade receivables (Note No 4.3), other financial liabilities (Note No 8.4) and other current liabilities (Note No 10.2) have not been confirmed in most of the cases. They also include old balances lying since last several years pending for final adjustment/square-up in the books of accounts. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.”

Our opinion is not modified in respect of this matter.

Other Matters paragraph with respect to audit report issued by us

- a. It was observed that debtors include old outstanding balances of Rs. 72.03 Crores (P. Y. Rs. 65.71 Crores) against CIL subsidiaries, pending for realization for more than 1 year. As per circular no CIL/DT/2021/3093 issued by CIL; i) Payment of 70% of basic amount of bill value and 18% GST (i.e., total 75% of total bill value) thereon to be paid by subsidiaries to CMPDI within 15 days of receipt of bill; ii) Bill reconciliation in future shall be through a portal and CMPDI shall intimate the action on portal and communicate with subsidiaries; iii) Outstanding bills for more than one year shall be reviewed jointly by the CMPDI and the concerned subsidiary. However, during the course of our audit it was observed that the bills raised to subsidiaries are not being recovered as per the above-mentioned circular issued by CIL. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.
- b. Non-current Assets under Property, Plant & Equipment’s (PPE) includes non-current assets purchased from S&T and R&D grant/fund received from GoI/CIL. As on 31.03.2025, residual value (WDV) of 327 assets (Plant & Equipment’s) purchased from these funds was Rs. 7.33 Crores. It was noticed that life of 217 assets valuing Rs. 1.81 Crores, out of 327 assets was beyond 15 years and was ranged up to 50 years (since 1975). As per para 16 of IND AS-16 states that the cost of an item of PPE shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. Further, an item of PPE is derecognized upon disposal or when non-future economic benefits are expected from the continued use of assets.
- The significant Accounting Policy of the company considers maximum useful life of any assets under Plant & Equipment assets as 15 years, therefore, the useful life of assets having 15 years or more have already been expired and these assets requires to be derecognized charged to Capital Reserve Account in which the funds/grants are maintained.
- The CMPDIL management has, however, explained that the ownership of S&T and R&D Assets rests with the Ministry of Coal & CIL. CMPDIL being an implementing agency cannot take survey-off initiative on his own without prior permission of MoC/CIL and they have communicated the matter to MoC and CIL, requesting them to initiate the necessary steps for asset disposal and providing an update to CMPDIL. Despite reminders from CMPDIL management, as of now, directives from MoC and CIL regarding the disposal of these assets are still pending. Given this situation, CMPDIL management is awaiting further communication



from MoC and CIL to proceed with the necessary course of action regarding the disposal of assets procured under S&T projects funded by MoC and R&D funded by CIL.

In view of the above, de-recognition of old assets whose useful life of assets having 15 years or more related to S&T and R&D and adjustment in non-current assets & capital reserves for Rs. 1.81 Crores, have not been done during the current financial year.

- c. We observed that the Company's current account with Coal India Limited (CIL) reflects a debit balance of Rs. 61.58 crores as at year-end, of which Rs. 60.58 crores pertains to prior years and has been carried forward. This balance is reportedly related to sales transactions with CIL. However, the management was unable to provide specific details or documentation to substantiate the transactions or explain the reasons for the non-realization of this balance. No reconciliation statement or confirmation of account from CIL has been presented to verify the correctness of the outstanding amount. In the absence of sufficient appropriate audit evidence, we are unable to verify the accuracy and recoverability of the balance. Consequently, we are also unable to ascertain the potential adjustments, if any, required in the financial statements and their impact on the company's financial position.
- d. During the course of our audit, while verifying the Capital Work-in-Progress (CWIP) ledger, specifically the AUC Building account (Asset Code: 20101030) at RI-VII, we observed that the closing balance includes a sum of Rs. 0.14 Cr. relating to the construction of residential buildings at Lakhampur for Gopalpur Camp. Based on discussions with the management and review of supporting documents, it was noted that the project has been formally foreclosed by the company after issuance of a tender and incurring initial costs toward soil testing, survey, and forest land clearance.
- As per Ind AS 16 – Property, Plant and Equipment, the carrying amount of an item of property, plant, and equipment shall be derecognized either on disposal or when no future economic benefits are expected from its use or disposal.
- Capital Work-in-Progress (CWIP) typically represents costs incurred on assets that are under construction and expected to result in future economic benefits. In the present case, since the project has been foreclosed and there is no likelihood of its revival, the continued capitalization of such expenditure is not in compliance with Ind AS 16.
- As informed us the matter was presented in 24th meeting of the FD committee held on 01.11.2024 and the matter is pending in the TOC. It will be put-up in next COFDs meeting for approval. Pending such approval, consequential impact on final outcome is currently not ascertainable.

Our Opinion is not modified with regard to above.

Other Legal and Regulatory Requirements paragraph with respect to audit reports issued by us

- 1) Under section 143(5) of the Companies Act 2013, statement on the **Directions/Additional Directions issued by the Comptroller and Auditor General of India:**

Part- I

S. No	Direction	Auditor's reply
1.	<p><i>Whether the company has system in place to process all the accounting transactions through IT systems?</i></p> <p><i>If yes, the implication of processing of accounting transactions outside IT systems on integrity of the accounts along with the financial implications, if any may be stated</i></p>	<p><i>There is a system in place to process all the material accounting transaction and recording of all underlying business transactions is done in its SAP-ERP Software. Accordingly, there are no implications on the integrity of the accounts. The information/Data is flowing from various modules and captured in the financials through automation under SAP for the processes like Financial Accounting and Controlling (FICO), Sales and Distribution (S&D), Material Management (MM), Human Capital Management (HCM), Production Planning (PP), Project System (PS) and Plant Maintenance (PM).</i></p>



	<p><i>As per information and explanations given to us, Post completion of stabilization phase on 31st March 2022, the system is under AMC phase.</i></p> <p><i>During the course of our audit, it was observed that, following activities are performed, outside SAP:</i></p> <p><i>The current financial reporting process involves the preparation of the Balance Sheet (BS) and Profit & Loss (P&L) Accounts in SAP. However, for the presentation of Quarterly/Annual Accounts, each footnote retrieved from SAP is manually compiled into a separate Excel format. This is done to align with the disclosure requirements of Ind AS and Schedule III of the Companies Act. Additionally, the creation of supplementary notes to accounts is currently a manual process carried out in a Word document.</i></p> <p><i>In respect of the activities performed outside SAP, as above, in our opinion there is no material financial implications.</i></p>
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Part-II - Additional directions

S. No	Directions	Auditor's reply
3.	<p><i>Whether funds received for R&D and S&T projects were properly accounted for/utilized as per terms and condition? List the cases of deviations.</i></p>	<p><i>As per the information and explanation provided to us, R&D and S&T projects are approved/sanctioned by the Technical committee of MOC/CIL with certain terms and condition based on the proposal submitted by the implementing agency/institute to CMPDI. CMPDI makes an estimate of fund requirement for all the ongoing or new R&D/S&T projects and make a consolidated requisition from MOC/CIL. Once the fund is received, CMPDI disburse the fund to implementing agency/institute in various installments based on the progress of the projects. Once the project is complete and Project completion report is approved by the technical committee, implementing agency/institute submit the utilization certificate to CMPDI and refund the unspent amount of the fund received on such projects to CMPDI along with the interest earned on those funds.</i></p> <p><i>On the basis of our examination of selected samples on a test-check basis, it was observed that the funds received under the R&D Fund of Coal India Limited (CIL) and the S&T Fund of the Ministry of Coal (MoC) were, in general, properly accounted for and utilized in accordance with the terms and conditions laid down in the respective project approvals. However, certain deviations from the "Guidelines for Research Projects" issued by the Ministry of Coal in 2021 were noted, as summarized below:</i></p> <ul style="list-style-type: none"> <i>• Maintain separate bank accounts for each individual project;</i> <i>• Refund any unutilized balance of project funds along with the applicable interest upon project completion;</i> <i>• Report the interest earned on project funds from the date of disbursement; and</i> <i>• Either adjust the reported interest against subsequent fund installments or remit it to CMPDI for onward credit to the Ministry of Coal at the end of the project.</i>



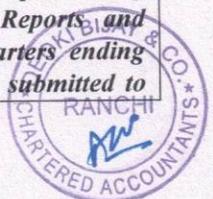
Additionally, the guidelines prohibit the parking of project funds in non-interest-bearing accounts, ensuring that all public funds are productively held and transparently managed.

Audit Findings:

During the course of the audit, it was observed that the management has not maintained proper documentation in relation to the interest earned on funds parked in various bank accounts. This lapse undermines the transparency and accuracy of financial reporting, particularly with respect to fund management by implementing agencies. The key observations are summarized below:

- 1. There is no record being maintained detailing all bank accounts operated by each implementing agency, along with the interest earned therein during the financial year. This impedes effective tracking of financial inflows from interest income.*
- 2. The interest income earned on project funds was neither properly computed nor substantiated with documentary evidence such as bank statements, interest certificates, or reconciliations. This raises concerns about the accuracy of reported interest figures.*
- 3. The computation of interest income earned by individual implementing agencies was neither shared nor supported with verifiable documentation such as bank statements, interest certificates, or other financial records. This limits the ability to independently validate the reported figures.*
- 4. There was no clear audit trail or supporting records to show how interest earned was adjusted against further fund disbursements or remitted back to the Fund upon project closure. In many cases, it could not be ascertained whether such interest had been utilized appropriately or refunded.*
- 5. It was observed that the implementing agencies are not reporting the interest earned on project funds during the project period. Consequently, the accrued interest is not being considered while releasing subsequent instalments for ongoing projects. Instead, the entire amount of interest is adjusted only at the time of project completion. This practice results in the full disbursement of sanctioned project funds without interim adjustment for interest earned, potentially leading to excess release of funds during the project duration.*
- 6. Cases were identified where unutilized project funds were not refunded in respect of the completed projects, and no interest was reported or remitted—even in cases where the entire disbursed amount was claimed to have been utilized, though follow up by management. The following Table- '1' herein below, summarizes cases of non-compliance identified.*
- 7. Non-submission of Quarterly Progress Reports and Expenditure Statements*

As per the Guidelines, the Principal Implementing and Sub-Implementing Agencies are required to submit Quarterly Progress Reports and expenditure statements (Forms III, IV & V) for the quarters ending March, June, September, and December. These are to be submitted to



		<p><i>CMPDI by the 15th of the month following the close of each quarter for scrutiny.</i></p> <p><i>However, during the course of the audit, it was observed that the implementing agencies have not been submitting the required quarterly progress reports and expenditure statements on a regular basis, despite follow-up by the management.</i></p> <p>8. Delayed Submission of Form VII:</p> <p><i>As per the Guidelines, any request for extension of project duration is required to be submitted in Form VII, duly signed and routed through the Head of the Institution or an authorized person, preferably at least two months prior to the scheduled date of project completion. However, this timeline is not being adhered to.</i></p> <p><i>During the course of the audit, it was observed that in the following case, Form VII for extension was submitted after the project's scheduled completion date, indicating non-compliance with the prescribed procedure.</i></p> <p><i>The following Table- '2' herein below, summarizes cases of non-compliance identified.</i></p> <p>9. Non-Compliance with Audit Requirements:</p> <p><i>As per the Guidelines, it is the responsibility of the Principal Implementing and Sub-Implementing Agency(ies) to have the accounts related to the S&T Grant audited regularly and to furnish a copy of the audited statement to CMPDI. However, it has been observed that the implementing agencies have not been submitting the required audited statements, resulting in non-compliance with the prescribed guidelines.</i></p>
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Table 1: Summary of Non-Compliance in Refund of Unutilized Funds and Interest Reporting

Sl. No	Project Code	Implementing Agencies	Project completion Date	Name of Fund	Fund Disbursed (₹ Cr)	Expended (₹ Cr)	Unutilized (₹ Cr)	Interest Received
1	CIL/R&D/02/10/2021	NML, Jamshedpur; CMPDI (HQ), Ranchi; BCCL, Dhanbad	31-12-2023	R&D	2.8	2.6	0.2	No
2	CIL/R&D/02/11/2021	CMPDI (HQ), Ranchi; BCCL, Dhanbad	28-02-2024	R&D	2.65	2.65	Nil	No
3	CIL/R&D/01/76/2021	IIT-ISM, Dhanbad; BCCL, Dhanbad	14-11-2023	R&D	0.7	0.61	0.09	No



4	CIL/R&D/01/74/202 1	CMERI, Durgapur; ECL, Sanctoria	09-11-2023	R&D	4.8	4.6	0.2	No
5	MT-172	IIT, Kharagpur; CMPDI	01-12-2020	S&T	4.71	3.44	1.27	No

Table 2: Summary of Non-Compliance in Timely Submission of Project Extension Requests (Form VII)

Sl. No.	Project code	Implementing Agencies	Project completion Date	Name of Fund	Fund Disbursed (₹ Cr)	Expended (₹ Cr)
1	CIL/R&D/04/18/2022	ECL, Sanctoria & CIMFR, Dhanbad	31-03-2025	R&D	49.2	0.22

2) Under Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act ("CARO 2020")

a) According to the information and explanations given to us and based on our audit procedures, the Company has maintained records showing full particulars, including quantitative details and situation of property, plant and equipment (PPE).

We have been informed that the management has conducted the physical verification of fixed assets at reasonable intervals in accordance with the policy laid down by Coal India Limited (CIL), and that such verification was carried out by a duly constituted team. As informed to us, no material discrepancies were noted during such verification.

However, during our audit, we observed that number of assets across various asset classes, many of which were capitalized prior to Financial Year 2000 and individually carry a residual/written down value of less than INR 100.00, continue to be shown in the Fixed Asset Register. These assets do not appear in the physical verification report and, based on available information, may no longer be in existence or in active use. This indicates that while physical verification has been conducted, the Fixed Asset Register may not be fully reconciled with the physical verification results. In our view, this raises concerns regarding the existence and continuing recognition of certain assets, and suggests that the Company should undertake a detailed assessment for derecognition of such items, in line with the requirements of Ind AS 16 – Property, Plant and Equipment, particularly where no future economic benefit is expected.

b) According to the information and explanation given to us, the title deeds of all immovable properties (other than properties where the company is lessee and lease agreements are duly executed in favor of lessee) disclosed in the financial statements are held in the name of the company.

However, during the course of our audit, we observed that as per the Gazette of India dated 14th April 1979 (Chaitra 24, 1901), Central Mine Planning & Design Institute (CMPDI) was vested with the title to certain immovable properties comprising land, office and residential buildings and premises known as the Coal Board Colonies at Lachipur and Asansol, including the pump house, rest house, Coal Board's office, and staff colony relating to CMPDI RI-I. The title deeds of the aforesaid properties were not produced before us for our verification. Accordingly, we are unable to comment on the validity of the title in respect of these immovable properties.

c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by the management *except in case of road tax payments at Mallarpur Camp, RI-1, it was noted that an advance was drawn for road tax payments for 5 numbers of vehicle from 2021 onwards, with Treasury receipts submitted to adjust the XA advance. However, the tax payment status had not been updated on the Parivahan website since 2021. Upon verification, trace the submitted Treasury receipts were found fabricated and could not be traced online.*



After the issue was raised, payments for the years 2021 and onward were finally made in July and August 2024. Additionally, it was observed that the advance drawn was inflated beyond the actual tax payable, resulting in the recovery of Rs. 0.02 Crores in August 2024.

- 3) As required by Section 143(3) of the Act, - **Internal financial controls** over financial reporting of the Company and the operating effectiveness of such controls regarding

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, further improvement is required in i) the documentation of Internal Financial Controls of the Company in respect of its risk assessment process, risk analysis of different functional areas and incorporating the process flows at departmental levels including risk mitigation in respect of insurance coverage, ii) strengthening of the monitoring of controls in respect of misc. expenses, iii) confirmation/reconciliation/adjustment of other financial assets, other current & non-current assets, trade payables & receivables, other financial liabilities and other current and non-current liabilities.

Our opinion is not qualified in respect of the above matters.

2. **For the period ended 31st March 2024:**

Emphasis of Matter paragraph with respect to audit report issued by us

“Balances of Loans (Note No 4.2), other financial assets (Note No 4.6), other current assets (Note No 6.2), other non-current assets (Note No 6.1), trade payables (Note No 8.3), trade receivables (Note No 4.3), other financial liabilities (Note No 8.4) and other current liabilities (Note No 10.2) have not been confirmed in most of the cases. They also include old balances lying since last several years pending for final adjustment/square-up in the books of accounts. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.

Our opinion is not modified in respect of this matter.”

Other Matters paragraph with respect to audit reports issued by us

- a. It was observed that debtors include old outstanding balances of Rs. 65.71 Cr.(P. Y. Rs. 82.86 Cr.) against CIL subsidiaries, pending for realization for more than 1 year. As per circular no CIL/DT/2021/3093 issued by CIL; i) Payment of 70% of basic amount of bill value and 18% GST (i.e., total 75% of total bill value) thereon to be paid by subsidiaries to CMPDI within 15 days of receipt of bill; ii) Bill reconciliation in future shall be through a portal and CMPDI shall intimate the action on portal and communicate with subsidiaries; iii) Outstanding bills for more than one year shall be reviewed jointly by the CMPDI and the concerned subsidiary. However, during the course of our audit it was observed that the bills raised to subsidiaries are not being recovered as per the above-mentioned circular issued by CIL. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.
- b. CIL approved (July 2010) an R&D project relating to demonstration of coal Dry Beneficiation system using Radiometric Techniques at Madhuban washery, BCCL by two implementing agencies namely M/s Ardee Hi-Tech Pvt. Ltd. (AHPL) and M/s Energo Engineering Projects Ltd. (EEPL) with an outlay of Rs. 25.56 crore. The nodal agency for this project was CMPDIL. The project was started in September 2010 and schedule to be completed by August 2012 but it was excessive delayed due to many reasons like delay in - tender finalisation for plant installation, equipment procurement, field trial at rated capacity (400 tph) due to unavailability of infrastructure etc. Trial test of the project was conducted in 2016-17, but the result of the test was inconsistent even at lower capacity (150 tph). After preparedness of BCCL to conduct trial at full load (400 tph), both agencies (AHPL and EEPL) showed unwillingness to validate the operation at full load.



In view of these, Apex committee of R&D Board of CIL held on 25.11.2021 recommended to foreclose the project and directed BCCL to own the plant. Thereafter, CMPDIL submitted project closure report in March 2022. R&D Board of CIL in July 2022 finally accorded approval to close the project and directed BCCL to take over the plant for future use. Till March 2024, CMPDIL had made payment of Rs. 12.17 crore to both of the implementing agencies against approved cost of Rs. 16.09 crore towards procurement of assets. CMPDIL booked this expenditure under Capital Work -in- Progress (CWIP) under CIL R&D WIP under broad head Projects temporary Suspended. In view of above that there has been a misclassification of assets, wrongly categorized as work-in-progress (CWIP), resulting in an overstatement of both CWIP assets and the Capital Reserve by Rs. 12.17 crore.

However, as per the information & explanations given by the management, the matter has been under process of approval of CMPDIL Board as the management of CMPDIL presented a proposal to the COFDs on March 5, 2024, seeking their approval. Following thorough review and approval by the COFDs, it was recommended for presentation to the CMPDIL Board via the Audit Committee for final approval. Subsequently, the proposal for write-off was deliberated upon during the 121st Audit Committee meeting on March 14, 2024. After detailed deliberation, the Audit Committee requested the management to submit a revised proposal with additional details and any other pertinent information. In light of the aforementioned outcomes, the CMPDIL management has decided to advance the matter for approval after incorporating the details requested by the Audit Committee. Pending matter as above, the assets has been shown as asset under capital-wip and not adjusted with capital reserve during the year.

- c. Non-current Assets under Property, Plant & Equipment's (PPE) includes non-current assets purchased from S&T and R&D grant/fund received from GoI/CIL. As on 31.03.2024, residual value (WDV) of 327 assets (Plant & Equipment's) purchased from these funds was Rs. 21.05 crore. It was noticed that life of 209 assets valuing Rs. 1.77 crore, out of 327 assets was beyond 15 years and was ranged up to 49 years (since 1975). As per para 16 of IND AS-16 states that the cost of an item of PPE shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. Further, an item of PPE is derecognised upon disposal or when non future economic benefits are expected from the continued use of assets.

The significant Accounting Policy of the company considers maximum useful life of any assets under Plant & Equipment assets as 15 years, therefore, the useful life of assets having 15 years or more have already been expired and these assets requires to be derecognised charged to Capital Reserve Account in which the funds/grants are maintained.

The CMPDIL management has, however, explained that the ownership of S&T and R&D Assets rests with the Ministry of Coal & CIL. CMPDIL being an implementing agency cannot take survey-off initiative on his own without prior permission of MoC/CIL and they have communicated the matter to MoC and CIL, requesting them to initiate the necessary steps for asset disposal and providing an update to CMPDIL. Despite reminders from CMPDIL management, as of now, directives from MoC and CIL regarding the disposal of these assets are still pending. Given this situation, CMPDIL management is awaiting further communication from MoC and CIL to proceed with the necessary course of action regarding the disposal of assets procured under S&T projects funded by MoC and R&D funded by CIL.

In view of the above, de-recognition of old assets whose useful life of assets having 15 years or more related to S&T and R&D and adjustment in non- current assets & capital reserves for Rs 1.77 crore, have not been done during the current financial year.

Other Legal and Regulatory Requirements paragraph with respect to audit reports issued by us

- 1) Under section 143(5) of the Companies Act 2013, statement on the **Directions/Additional Directions issued by the Comptroller and Auditor General of India:**

Part- I

Directions	Auditor's reply
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<p>Whether the company has system in place to process all the accounting transactions through IT systems? If yes, the implication of processing of accounting transactions outside IT systems on integrity of the accounts along with the financial implications, if any may be stated.</p>	<p>There is a system in place to process all the material accounting transaction and recording of all underlying business transactions is done in its SAP-ERP Software. Accordingly, there are no implications on the integrity of the accounts. The information/Data is flowing from various modules and captured in the financials through automation under SAP for the processes like Financial Accounting and Controlling (FICO), Sales and Distribution (S&D), Material Management (MM), Human Capital Management (HCM), Production Planning (PP), Project System (PS) and Plant Maintenance (PM). As per information and explanations given to us, Post completion of stabilization phase on 31st March 2022, the system is under AMC phase. During the course of our audit, it was observed that, following activities are performed, outside SAP:</p> <p>The current financial reporting process involves the preparation of the Balance Sheet (BS) and Profit & Loss (P&L) Accounts in SAP. However, for the presentation of Quarterly/Annual Accounts, each footnote retrieved from SAP is manually compiled into a separate Excel format. This is done to align with the disclosure requirements of Ind AS and Schedule III of the Companies Act. Additionally, the creation of supplementary notes to accounts is currently a manual process carried out in a Word document.</p> <p>In respect of the activities performed outside SAP, as above, in our opinion there is no material financial implications.</p>
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Part- II

Directions	Action taken & Auditor's reply
<p>Whether fund received for R&D and S&T were properly accounted for/utilized as per terms and condition? List the cases of deviations.</p>	<p>On the basis of our examination of the samples on test check basis, it was observed that the fund received for R&D and S&T were properly accounted for/utilized as per terms and condition except the following deviations have been identified:</p> <ol style="list-style-type: none"> a. No MIS is maintained regarding compliance to terms and conditions, such as party wise Audited Financial Statements received or not, party wise interest earned details, project completion details, extension of project duration project wise etc. b. Absence of Audited Financial Statements: It was noted that the audited financial statements related to the grants provided to different implementing agencies have not been maintained in the records. The lack of these financial statements raises concerns regarding the transparency and accountability of fund utilization. c. Lack of Documentation on Interest Earned: It was observed that suitable records pertaining to the interest earned on funds kept in bank accounts were not being maintained by the management. Specifically, the following details were not adequately documented: <ul style="list-style-type: none"> • Detailed information regarding the bank accounts held with the amount of interest earned in bank accounts, categorized by implementing agency. • Computation of interest earned by each implementing agency during the audit period. • Amounts adjusted towards further installments of funds based on interest earned.



2) Under Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub section (11) of **Section 143 of the Act ("CARO 2020")**

a) According to the information and explanation given to us, the title deeds of all immovable properties (other than properties where the company is lessee and lease agreements are duly executed in favour of lessee) disclosed in the financial statements are held in the name of the company.

However, during the course of our audit, title deed of land holdings in respect of CMPDI RI1 (Asansol), could not be produced before us for our verification.

b) **During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by the management except fraud by way of unauthorised EL encashment by an employee at RI-7, Bhubaneswar, involving an amount of Rs. 0.17 crore, which has been recovered from the employee.**

3) As required by Section 143(3) of the Act, - **Internal financial controls** over financial reporting of the Company and the operating effectiveness of such controls regarding

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, further improvement is required in i) the documentation of Internal Financial Controls of the Company in respect of its risk assessment process, risk analysis of different functional areas and incorporating the process flows at departmental levels including risk mitigation in respect of insurance coverage, ii) strengthening of the monitoring of controls in respect of misc. expenses, iii) confirmation/reconciliation/adjustment of other financial assets, other current & non-current assets, trade payables & receivables, other financial liabilities and other current and non-current liabilities.

Our opinion is not qualified in respect of the above matters.

3. **For the period ended 31st March 2023:**

Emphasis of Matter paragraph with respect to special purpose audit report issued by us

We draw attention to:

a) **Basis and Purpose of Accounting and Restriction on Distribution and Use**

Note 2.1 and Clause (n), para 4 of Note 16 which describes the basis and purpose of preparation of the "Special Purpose Financial Statements" respectively. These "Special Purpose Financial Statements" are prepared by the management of the Company and approved by the Board of Directors for the purpose of preparation of Restated Financial Information to be included in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") prepared by the Company in connection with its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Companies Act, 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended and the Guidance Note on Reports in Company Prospectuses (Revised 2019) ("the Guidance Note"). As a result, the "Special Purpose Financial Statements" may not be suitable for any another purpose.

Our report is intended solely for the use of Company to comply with the requirement of SEBI ICDR Regulations and should not be distributed to or used by any other parties. We shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.



Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

- b) Balances of Loans (Note No 4.2), other financial assets (Note No 4.6), other current assets (Note No 6.2), other non-current assets (Note No 6.1), trade payables (Note No 8.3), trade receivables (Note No 4.3), other financial liabilities (Note No 8.4) and other current liabilities (Note No 10.2) have not been confirmed in most of the cases. They also include old balances lying since last several years pending for final adjustment/square-up in the books of accounts. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.

Our opinion is not modified in respect of this matter.

Other Matter paragraph with respect to special purpose audit report issued by us

i) Contingent liability of Rs. 202.39 Crores (P.Y. Rs. 173.74 Crores) includes disputed demands raised by various departments of the Central Government (Income Tax, Service Tax etc.). This amount consists of principal, interest and penalty as raised up to the date of the latest demand order. The interest and penalty for the period from the latest date of demand order to date of Balance Sheet has neither been calculated nor included in contingent liability. Consequential impact over total amount of contingent liability is currently not ascertainable.

Further, it also includes legal cases against the company pending before various judicial forums (Supreme court, High court, arbitrators etc.) against which claims has been raised by various third parties. In the absence of details of amount of claims, as raised by the third parties, made available by the management, consequential impact over the total amount of contingent liability if those cases are decided not in favor of the Company is currently not ascertainable.

(Refer Additional Notes No. 16, para 4(a) to the "Special Purpose Financial Statements".)

ii) It was observed that debtors include old outstanding balances of Rs. 82.86 Cr. (P. Y. Rs. 67.11 Cr.) against CIL subsidiaries, pending for realization for more than 1 year. As per circular no CIL/DT/2021/3093 issued by CIL; i) Payment of 70% of basic amount of bill value and 18% GST (i.e., total 75% of total bill value) thereon to be paid by subsidiaries to CMPDI within 15 days of receipt of bill; ii) Bill reconciliation in future shall be through a portal and CMPDI shall intimate the action on portal and communicate with subsidiaries; iii) Outstanding bills for more than one year shall be reviewed jointly by the CMPDI and the concerned subsidiary. However, during the course of our audit it was observed that the bills raised to subsidiaries are not being recovered as per the above-mentioned circular issued by CIL. Consequential impact on confirmation / reconciliation/ adjustment of such balances, if any, are not currently ascertainable.

Our Opinion is not modified with regard to above

Other Legal and Regulatory Requirements paragraph with respect to special purpose audit report issued by us

- 1) Under section 143(5) of the Companies Act 2013, statement on the Directions/Additional Directions issued by the Comptroller and Auditor General of India :

Part- I

Directions	Auditor's reply
Whether the company has system in place to process all the accounting transactions through IT systems? If yes, the implication of processing of accounting transactions outside IT	There is a system in place to process all the material accounting transaction and recording of all underlying business transactions is done in its SAP-ERP Software. Accordingly, there are no implications on the integrity of the accounts. The information/Data is flowing from various modules and captured in the financials through automation under SAP for the processes like Financial



systems on integrity of the accounts along with the financial implications, if any may be stated.	<p>Accounting and Controlling (FICO), Sales and Distribution (S&D), Material Management (MM), Human Capital Management (HCM), Production Planning (PP), Project System (PS) and Plant Maintenance (PM).</p> <p>As per information and explanations given to us, Post completion of stabilization phase on 31st March 2022, the system is under AMC phase.</p> <p>During the course of our audit, it was observed that, following activities are performed, outside SAP:</p> <p>As explained to us, SAP integration of Biometric attendance is available but due to integration issue with NIC, presently the attendance is either being maintained manually or through Biometric system serving as source data which is finally captured in SAP.</p> <p>In respect of the activities performed outside SAP, as above, in our opinion there is no material financial implications.</p>
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Part- II

Directions	Action taken & Auditor's reply
Whether any independent assessment and certification of migration process of data from Coalnet portal to SAP had been done.	As per information and explanations given to us, independent assessment and certification of migration process of data from Coalnet portal to SAP had not been done. As informed to us, the matter is taken up at CIL level.

2) Under Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act ("CARO 2020")

According to the information and explanation given to us, the title deeds of all immovable properties (other than properties where the company is lessee and lease agreements are duly executed in favor of lease) disclosed in the financial statements are held in the name of the company. **However, during the course of our audit, title deed of land holdings in respect of CMPDI RI1 (Asansol), could not be produced before us for our verification. Further, leasehold land at Kudumkela valued at Rs. 0.46 cr. shown under other land (Note No. 3.1) pending to be renewed from 1.2.2023. Although, the same has been approved in COFD meeting dated 20.03.2023 for renewal.**

3) As required by Section 143(3) of the Act,- Internal financial controls over financial reporting of the Company and the operating effectiveness of such controls regarding

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, further improvement is required in i) the documentation of Internal Financial Controls of the Company in respect of its risk assessment process, risk analysis of different functional areas and incorporating the process flows at departmental levels including risk mitigation in respect of insurance coverage, ii) strengthening of the monitoring of controls in respect of misc. expenses, iii) confirmation/reconciliation/adjustment of other financial assets, other current & non-current assets, trade payables & receivables, other financial liabilities and other current and non-current liabilities. iv) Control over capturing & recording of attendance of employees.

Our opinion is not modified in respect of the above matters

