



**CERTIFICATE ON RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS OF THE
AUDITORS**

To,

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

(the “Company”)

IDBI Capital Markets & Securities Limited
6th Floor, IDBI Tower,
WTC Complex
Cuffe Parade, Mumbai 400 005,
Maharashtra, India

SBI Capital Markets Limited
1501, 15th Floor, A & B Wing,
Parinee Crescenzo Building,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

(IDBI Capital Markets and Securities Limited and SBI Capital Markets Limited collectively referred to as “**Book Running Lead Managers**” or “**BRLMs**”)

Dear Sirs / Madams,

Sub: Proposed initial public offering of equity shares of face value of ₹ 2 each (the “Equity Shares”) by Central Mine Planning & Design Institute Limited (the “Company”) by way of an offer for sale by Selling Shareholder (“Offer”).

Subject: Certificate on Reservations, Qualifications and Adverse Remarks of the Auditors

We, **M/s Deoki Bijay & Co.,** Chartered Accountants, the Statutory Auditors in relation to the Company have been informed that the Company proposes to file the Red Herring Prospectus (“**RHP**”) and the Prospectus with the Registrar of Companies, Jharkhand at Ranchi (“**RoC**”), the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) and any other documents or materials to be issued in relation to the Offer (collectively with the RHP and Prospectus, the “**Offer Documents**”) in accordance with the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”) and applicable laws.

We have received a request from the Company to certify details of: (i) reservations, (ii) qualifications and adverse remarks, (iii) emphasis of matter; (iv) adverse/negative observations in the reports of the auditors of the Company as applicable, pursuant to the Companies Auditor’s Reports Order, 2020, and (v) any other adverse remarks by the auditors of the Company where the Company is located, in the Restated Financial Information (*defined below*) and the Audited Financial Statements (*defined below*).

Management responsibility

The preparation of the statement annexed to this certificate is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation and making estimates that are



reasonable in the circumstances.

The Company is responsible for preparation of the restated financial information of the Company for the nine months period ended December 31, 2025 and December 31, 2024 and for the Fiscals ended March 31, 2025, March 31, 2024 and March 31, 2023, in accordance with the Companies Act, 2013, as amended and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Auditor's Responsibility

We have reviewed the restated financial information of the Company for the nine months period ended December 31, 2025 and December 31, 2024 and for the Fiscals ended March 31, 2025, March 31, 2024, and March 31, 2023 (the "**Review Period**"), which was audited in accordance with the Companies Act, 2013, as amended and the rules framed thereunder, the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and also in accordance with the *Guidance Note* issued by the ICAI from time to time (the "**Restated Financial Information**"). The Erstwhile Auditor has issued an examination report dated May 24, 2025 for the Fiscals ended March 31, 2025, March 31, 2024, and March 31, 2023 and examination report dated February 23, 2026, issued by us for the nine months' period ended December 31, 2025 and December 31, 2024 in respect of the Restated Financial Information ("**Examination Report**").

For the purpose of issuing this certificate, we have further examined (a) the Examination Report on the Restated Financial Information; and (b) the audited financial statements of the Company for the Review Period and the audit reports thereon, including the CARO Reports (collectively, the "**Audited Financial Statements**"); and (c) relevant records and registers of the Company.

We have conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

Opinion

Based on the above procedures, we hereby certify that, there are no: (i) reservations, (ii) qualifications and adverse remarks, (iii) emphasis of matter; (iv) adverse/negative observations in the reports of the auditors of the Company as applicable, pursuant to the Companies Auditor's Reports Order, 2020, and (v) any other adverse remarks by the auditors of the Company including pursuant to audit requirements in the jurisdictions where the Company is located (collectively, "**Adverse Observations**"), in the Restated Financial Information and the Audited Financial Statements except as disclosed in **Annexure A**. Further, we have also enclosed an **Annexure B** regarding details and nature of observations concerning emphasis of matter, other matter and other legal & regulatory requirements pursuant to the Companies Auditor's Reports Order, 2020.

We hereby confirm that, there are no qualifications, reservations or adverse remarks of the auditors of the Company, (as referenced in **Annexure A**, which have not been given effect to in the Restated Financial Information.

We confirm that the information in this certificate is true and correct, and is in accordance with the requirements of the Companies Act, ICDR Regulations and other applicable law, and there is no untrue statement or omission which shall render the contents of this certificate misleading in any material aspect. We further confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

We, the Statutory Auditors, assume full responsibility for the veracity and adequacy of the information contained in this consent letter and confirm that, to the best of our knowledge and belief, this consent letter has been prepared



in accordance with the applicable laws as amended and the rules made thereunder, as well as the regulations and guidelines issued by SEBI and other regulatory authorities.

Restriction on use

This certificate (including annexures) is for both information and inclusion (in part or full) only where required under relevant Act/ Regulation in the RHP and the Prospectus filed in relation to the Offer (collectively, the “**Offer Documents**”) or any other Offer-related material, and may be relied upon by the Company, the Book Running Lead Managers, their affiliates and the legal advisors appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to the submission of this certificate as may be necessary to SEBI, the RoC, the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers, their affiliates and legal counsel and in accordance with applicable law. We do hereby further consent to this certificate being disclosed by the Book Running Lead Managers, their affiliates and legal counsel if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to inform the Book Running Lead Managers promptly, in writing of any changes, intimated to us by the management of the Company in writing, to the above information until the Equity Shares commence trading on the relevant stock exchanges, pursuant to the Offer. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the stock exchanges, pursuant to the Offer.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

For M/s Deoki Bijay & Co.,
Chartered Accountants
Firm Registration No. 313105E



CA Abhishek Kedia
Partner
Membership No.: 401607
UDIN: 26401607DFSYLZ6697



Place: Ranchi
Date: 12.03.2026

Cc:

Legal Counsel to the Company as to Indian Law

J. Sagar Associates
One Lodha Place, 27th Floor,
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Legal Counsel to the Book Running Lead Managers as to Indian Law

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Annexure A

Period	Nature of Adverse Observation	Details of Adverse Observation	Company's Response to Adverse Observation (Steps taken by the company)	Impact on the Financial Statements and Financial Position of the Company
Nine months period ended December 31, 2025	Nil	Nil	Nil	Nil
Nine months period ended December 31, 2024	Nil	Nil	Nil	Nil
Fiscal 2025	Nil	Nil	Nil	Nil
Fiscal 2024	Nil	Nil	Nil	Nil
Fiscal 2023	Nil	Nil	Nil	Nil



Annexure B: Details and Nature of Observations concerning Emphasis of Matter, Other Matter and Other Legal & Regulatory Requirements

Period	Nature of Observation	Details of Observation	Impact on the Financial Statements and Financial Position of the Company
Nine months period ended December 31, 2025	1. Other Matter	Annexure B- 1	No financial impact
Nine months period ended December 31, 2024	1. Other Matter	Annexure B- 2	No financial impact
Fiscal 2025	1. Emphasis of Matter 2. Other Matter 3. Other Legal & Regulatory requirements	Annexure B- 3	No financial impact
Fiscal 2024	1. Emphasis of Matter 2. Other Matter 3. Other Legal & Regulatory requirements	Annexure B- 4	No financial impact
Fiscal 2023	1. Emphasis of Matter 2. Other Matter 3. Other Legal & Regulatory requirements	Annexure B- 5	No financial impact

Annexure B- 1 (Details of Observation for the nine months' period ended December 31, 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 Lakhapur 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.



Annexure B- 2 (Details of Observation for the nine months' period ended December 31, 2024)

NIL

Our conclusion is not modified with regard to above matters.

Annexure B- 3 (Details of Observation for the Fiscal 2025)

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

We draw attention to the following matters:

- a. "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."

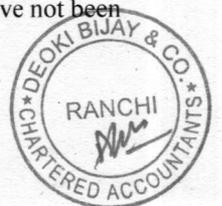
Other Matters paragraph with respect to audit report issued by us

- a. It was observed that debtors include old outstanding balances of Rs. 720.3 million (P. Y. Rs. 657.1 million) 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. 73.3 million. It was noticed that life of 217 assets valuing Rs. 18.1 million, 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.18.1 Million, 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. 615.8 million as at year-end, of which Rs. 605.8 million 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. 1.4 million 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 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

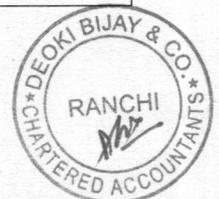
S. No	Directions	Auditor's reply
1.	<p>Whether the company has system in place to process all the accounting transactions through IT systems?</p> <p>If yes, the implication of processing of accounting transactions outside IT systems on integrity of the accounts along with the financial implications, 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).</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><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
1.	<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.

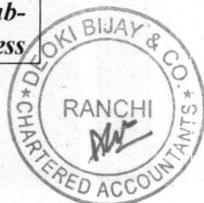
4. There was no clear audit trail or supporting records to show how interest earned was adjusted against further fund disbursements or remitted back to the Fund upon project closure. In many cases, it could not be ascertained whether such interest had been utilized appropriately or refunded.

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



		<p>Reports and expenditure statements (Forms III, IV & V) for the quarters ending March, June, September, and December. These are to be submitted to CMPDI by the 15th of the month following the close of each quarter for scrutiny.</p> <p>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.</p> <p>8. Delayed Submission of Form VII:</p> <p>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.</p> <p>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.</p> <p>The following Table- '2' herein below, summarizes cases of non-compliance identified.</p> <p>9. Non-Compliance with Audit Requirements:</p> <p>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.</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 (₹ million)	Expended (₹ million)	Unutilized (₹ million)	Interest Received
1	CIL/R&D/02/10/2021	NML, Jamshedpur; CMPDI (HQ), Ranchi; BCCL, Dhanbad	31-12-2023	R&D	28.0	26.0	2.0	No
2	CIL/R&D/02/11/2021	CMPDI (HQ), Ranchi; BCCL, Dhanbad	28-02-2024	R&D	26.5	26.5	Nil	No
3	CIL/R&D/01/76/2021	IIT-ISM, Dhanbad; BCCL, Dhanbad	14-11-2023	R&D	7.0	6.1	0.9	No



4	CIL/R&D/01/74/2021	CMERI, Durgapur; ECL, Sanctoria	09-11-2023	R&D	48.0	46.0	2.0	No
5	MT – 172	IIT, Kharagpur; CMPDI	01-12-2020	S&T	47.1	34.4	12.7	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 (₹ in million)	Expended (₹ in million)
1	CIL/R&D/04/18/2022	ECL, Sanctoria & CIMFR, Dhanbad	March 31, 2025	R&D	492.0	2.2

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).

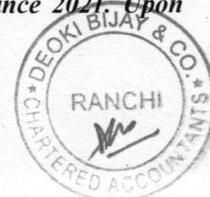
We have been informed that the management has conducted the physical verification of fixed assets at reasonable intervals in accordance with the policy laid down by Coal India Limited (CIL), and that such verification was carried out by a duly constituted team. As informed to us, no material discrepancies 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-I, 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. 0.2 Million 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.

Annexure B- 4 (Details of Observation for the Fiscal Year 2024)

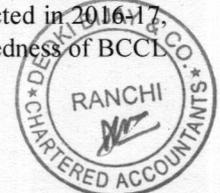
Emphasis of Matter paragraph with respect to audit report issued by us:

“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. 657.1 million (P. Y. Rs. 828.6 million) 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. 255.6 million. The nodal agency for this project was CMPDIL. The project was started in September 2010 and schedule to be completed by August 2012 but there was excessive delays 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. 121.7 million to both of the implementing agencies against approved cost of Rs. 160.9 million 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. 121.7 million.

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. 210.5 million. It was noticed that life of 209 assets valuing Rs. 17.7 million, 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 17.7 million, have not been done during the current financial year.

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



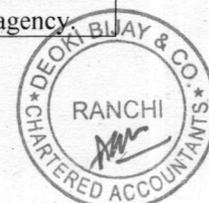
- 4) Under section 143(5) of the Companies Act 2013, statement on the **Directions/Additional Directions issued by the Comptroller and Auditor General of India:**

Part- I

Directions	Auditor's reply
<p><i>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.</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). 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:</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.</i></p> <p><i>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>

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.



	<ul style="list-style-type: none"> • Computation of interest earned by each implementing agency during the audit period. • Amounts adjusted towards further installments of funds based on interest earned.
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- 5) 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 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.

- 6) 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.

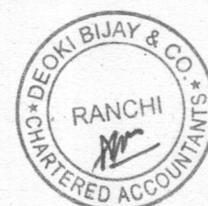
Annexure B- 5 (Details of Observation for the Fiscal Year 2023)

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

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

We draw attention to:

Note 2.1 and Clause k(B)(xx) of Note 16 of the "Special Purpose Interim Financial Statements", which describes the basis and purpose of preparation. 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.
- c) Clause k(B)(xv) of Note 16 to the special purpose financial statements, which states that certain items have been regrouped or reclassified in the balance sheet, statement of profit and loss, cash flow statement, and notes, wherever necessary, for consistency of presentation. These adjustments were made for the preparation of these special purpose financial statements and do not affect the total assets, liabilities, income or expenses.

Our opinion is not modified in respect of this matter.

Other Matters with respect to special purpose audit report issued by us:

- a. The "Special Purpose Financial Statements" for the year ended 31 March 2023 has been prepared by the management in accordance with the basis and purpose stated in Note 2.1 and Clause k(B)(xx) of Note 16 to the "Special Purpose Financial Statements" respectively and approved by the Board of Directors for the purpose of preparation of Restated Financial Information to be included in the Offer Documents in connection with the proposed initial public offering of equity shares of the Company. Accordingly, the management has not presented the corresponding comparative figures in these financial statements.
- b. The Company had prepared a separate set of Statutory Ind AS Financial Statements for the year ended 31 March 2023 in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India which were audited by us and we issued an unmodified audit report dated May 2, 2023.
- c. The audit of "Special Purpose Financial Statements" for the year ended 31st March 2023 prepared in accordance with the basis and purpose stated in Note 2.1 and Clause k(B)(xx) of Note 16 to the "Special Purpose Financial Statements" respectively was undertaken in view of the communication dated March 6, 2025 received from the Book Running Lead Managers (BRLMs), which informed us that, at the time of signing the audit report for the financial year ended March 31, 2023, we were not holding a peer review certificate in compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"). Accordingly, this special purpose audit was required to ensure compliance with the said regulations, which mandate that the financial statements be audited by a firm holding a valid peer review certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India ("ICAI").
- d. We draw attention to the fact that the financial statements for the year ended March 31, 2023, were originally audited by us, and our audit report dated May 2nd 2023, expressed an unmodified opinion. These financial statements have now been re-audited by us as part of the preparation of the Special Purpose Financial Statements (SPFS), in accordance with the framework described in Note 2.1 and Clause k(B)(xx) of Note 16 to the financial statements. Our opinion on the SPFS is based on this re-audit and is intended solely for the specific purpose outlined in the scope of this engagement.



Certain matters that were originally reported in our audit report on the financial statements for the year ended March 31, 2023, have also been included in our report on the SPFS, as they were relevant as of that date. While these matters are reproduced herein below to reflect their original context, we emphasize that their current relevance may have changed due to subsequent events, which are beyond the scope of this report and have not been taken into consideration.

Accordingly, these matters are presented in their original form, without any modification or update to reflect developments that may have occurred after March 31, 2023

Matter Reported Under “Other Matter Paragraph”

- (i) **Contingent liability of Rs. 2,023.9 million (P.Y. Rs. 1,737.4 million) 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 not decided in favour 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. 828.6 million (P. Y. Rs. 671.1 million) 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.**

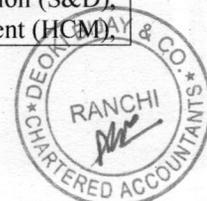
Our Opinion is not modified with regard to above

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 systems on integrity of the accounts	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)



<p>along with the financial implications, if any may be stated.</p>	<p>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: 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. 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 any independent assessment and certification of migration process of data from Coalnet portal to SAP had been done.</p>	<p>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.</p>

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 R11 (Asansol), could not be produced before us for our verification. Further, leasehold land at Kudumkela valued at Rs. 4.6 million 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.

