



*N. C. Banerjee & Co.*

CHARTERED ACCOUNTANTS

"COMMERCE HOUSE"

2 Ganesh Chandra Avenue

1<sup>st</sup> Floor, Room No. 9

Kolkata – 700 013

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BHARAT COKING COAL LIMITED

#### Report on the Standalone financial statements

#### Opinion

We have audited the accompanying Standalone financial statements of **BHARAT COKING COAL LIMITED** ("the Company") (hereinafter BCCL), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2023, the Statement of Profit and Loss (Including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone financial statements"), in which are included the returns for the year ended on that date audited by the area / units auditors of the Company's 17 (seventeen) area / units comprising (1) Barora Area; (2) Block-II Area; (3) Govindpur Area; (4) Katras Area; (5) Sijua Area; (6) Kusunda Area; (7) P B Area; (8) Bastacolla Area; (9) Lodna Area (incl. Lodna Washery); (10) Eastern Jharia Area; (11) C V Area; (12) Dahibari Washery; (13) Western Jharia Area; (14) Washery Division; (15) Madhuban Coal Washery; (16) Mines Rescue Station and (17) Bhuli Township Area.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2023, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758

Branch Office: 502-B, Techno Park-I, Thakur Village, Kandivali East, Mumbai – 400101, Phone: 9869279367





### Emphasis of Matter

We draw attention to the following: -

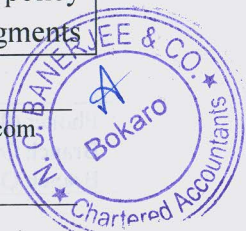
- a) Pending confirmation/ reconciliation of certain balances under Trade Receivables, the consequential impact thereof, if any on the financial statements are not ascertainable.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Srl No	Key Audit Matter	Auditor's Response
1	<p><b>Stripping Activity Expense/ Adjustment</b></p> <p>In case of opencast mining, the mine waste materials (“overburden”) which consists of soil and rock on the top of coal seam is required to be removed to get access to the coal and its extraction. This waste removal activity is known as ‘Stripping’. In opencast mines, the company has to incur such expenses over the life of the mine (as technically estimated).</p> <p>Therefore, as a policy, in the mines with rated capacity of one million tonnes per annum and above, cost of Stripping is charged on technically evaluated average stripping ratio (OB: COAL) at each mine with due adjustment for stripping activity asset and ratio-variance account after the mines are brought to revenue.</p> <p>Net of balances of stripping activity asset and ratio variance at the Balance Sheet date is shown as Stripping Activity Adjustment under the head Non - Current Provisions / Other</p>	<p><u>Principal Audit Procedures:</u></p> <p>We performed the following substantive procedures:</p> <ul style="list-style-type: none"><li>• Obtained working data of Stripping Adjustment and checked that the total expense incurred during the year is allocated between Coal production and Overburden. Ensured about accuracy and completeness of expenses considered in calculation of ratio.</li><li>• Checked that the ratio variance is calculated on the basis of amount allocated to overburden and OB quantity extracted during the year correctly.</li><li>• Performed analytical procedures and test of details for reasonableness of expenses considered stripping activity adjustment calculation.</li><li>• Checked that the accounting policy applied and management's judgments</li></ul>







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	<p>Non-Current Assets as the case may be.</p> <p>The reported quantity of overburden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the permissible limits. However, where the variance is beyond the permissible limits as above, the measured quantity is considered.</p> <p>(Refer Statement of Profit &amp; Loss and Note 21 to the Standalone Financial Statements.)</p>	<p>used for Stripping Activity Adjustment are appropriate.</p> <p>Based on the procedures performed, we have satisfied ourselves regarding stripping activity expenses/adjustments.</p>
2.	<p><b><i>Revenue from Contracts with Customers</i></b></p> <p>The application of the Revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised during the year.</p> <p>(Refer Note 38.15.(i) to the Standalone Financial Statements.)</p>	<p><u>Principal Audit Procedures:</u></p> <p>Our audit procedures include:</p> <ul style="list-style-type: none"><li>• Evaluated the design, the processes and internal controls relating to revenue accounting standard;</li><li>• Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams</li><li>• Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li></ul> <p>We found that the management's estimations and judgments in the recognition of income is reasonable based on the available evidences.</p>
3.	<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p><u>Principal Audit Procedures:</u></p> <p>Our audit procedures include:</p> <ul style="list-style-type: none"><li>• Evaluated the design and implementation of controls in respect of provision for current tax and the recognition and recoverability of deferred tax assets.</li></ul>

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758

Branch Office: 502-B, Techno Park-I, Thakur Village, Kandivali East, Mumbai – 400101, Phone: 9869279367







<p>(Refer Notes 38.4.(a) to the Standalone Financial Statements.)</p>	<ul style="list-style-type: none"><li>• Considered management's assessment of the validity and adequacy of provisions for uncertain tax positions, evaluating the basis of assessments and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authority.</li><li>• Assessed the appropriateness of management's assumptions and estimates including the likelihood of generating sufficient future taxable income to support deferred tax assets.</li></ul> <p>Based on the procedure performed above, we obtained sufficient audit evidence to corroborate management's estimates regarding current and deferred tax balances and provision for uncertain tax positions.</p>
<p>4. <b>Valuation of defined benefits obligation for employees</b></p> <p>Accounting for defined benefit plans is based on actuarial assumptions which require measuring the obligation, evaluating the planed assets and calculating the corresponding actuarial gain or loss. All future cash flows discounted to present value for arriving at the obligation.</p> <p>Significant estimates including the discount rates, the inflation rates, escalation of salary and the mortality rate are made in valuing the company's defined benefits obligations. The company engages external actuarial specialist to assist them in selecting appropriate assumptions and calculate the obligations. The effect of these matters is a part of the risk assessment and valuation of the defined benefit obligations has a high degree of estimation as it is based on assumptions.</p>	<p><u>Principal audit procedures:</u></p> <p>Our audit procedures include:</p> <ul style="list-style-type: none"><li>• Evaluated the key assumptions applied (discount rates, inflation rate, mortality rate) as per the Guidance Note applicable.</li><li>• Assessed the competence, independence, and integrity of the company's actuarial expert.</li><li>• The controls over the review and approval of actuarial assumptions, the completeness and accuracy of data provided to external actuary, and the reconciliation to data used in expert's calculation were tested.</li><li>• Discussed with the Management about</li></ul>







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(Refer Notes 38.3 to the Standalone Financial Statements.)	<p>the liability accrued due to defined benefit plan and to understand the business and assessed if there was any inconsistency in the assumptions.</p> <ul style="list-style-type: none"><li>• Adequacy of the company disclosure as per Ind AS 19 in the notes is verified.</li></ul> <p>Based on the audit procedures involved, we observed that the assumptions made by the management in relation to the valuation were supported by available evidence.</p>
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#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report, CSR Report, R&D and Report on Corporate Governance and Management Discussion and Analysis Report, but does not include the financial statements and our auditor's report thereon. The Director's Report including Annexures to Director's Report, CSR Report, R&D and Report on Corporate Governance and Management Discussion and Analysis Report, is not made available to us till the date of this report and is expected to be made available to us after the date of this Audit Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we are provided and we read the Director's Report including Annexures to Director's Report, CSR Report, R&D and Report on Corporate Governance and Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.



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### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

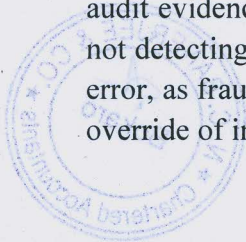
### **Auditor's Responsibility for the Audit of the Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com  
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- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com  
Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758  
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of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

We did not audit the Standalone financial statements/information of 17 area/units included in the financial statements of the Company whose financial statements / financial information reflect total assets of ₹ 5,763.86 crores as at 31<sup>st</sup> March, 2023 and total income of ₹ 13,576.17 crores for the year ended on that date, as considered in the financial statements. The financial statements/information of these area / unit have been audited by the area / unit auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these area / units, is based solely on the report of such area / unit auditors.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required under section 143(5) of the Companies Act, 2013, we give in the **Annexure - I**, a statement on the Directions and the Additional directions issued by the Comptroller and Auditor General of India after complying with the Suggested methodology of Audit, the action taken thereon and its impact on the accounts and Standalone financial statements of the Company. This statement has been prepared incorporating the comments of the Area / Unit Auditors of the Company mentioned in their Auditors' Reports.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure - II** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable for the year under audit.
3. As required by Section 143 (3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the area / units not visited by us.
  - (c) The reports on the accounts of the area / units of the Company audited under Section 143 (8) of the Act by area / unit auditors have been sent to us and have been properly dealt with by us in preparing this report.

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com  
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(d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and with the returns received from the area / units not visited by us.

(e) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, Section 164(2) of the Act pertaining to disqualification of Directors, is not applicable to the Government Company.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure III**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer Note 38.4.(a) to the Standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 38.4.(e).ii to the Standalone financial statements
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;







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- (b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend is declared or paid by the Company during the year and hence compliance with section 123 of the Companies Act, 2013 is not applicable to the Company.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For N. C. BANERJEE & CO.**

Chartered Accountants

Firm Regn. No: 302081E

  
**(CA Arvind Kumar)**

Partner

Membership No. 402203



UDIN: 23402203BGROLN1131

Date: 24/04/2023

Place: Dhanbad



Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758

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**Annexure – I to the Independent Auditors’ Report.**

[Referred to in Paragraph 1 of “Report on Other Legal and Regulatory requirements” of our Audit Report on the Statement of Directions & Additional Directions under Section 143(5) of Companies Act, 2013 Issued by Comptroller & Auditor General of India for the year 2022-2023 as reported in the Auditor’s Report of the Company.]

**Annexure-A: Directions under section 143 (5) of the Companies Act 2013**

S. No.	Particulars	Observation
1	Whether the company has system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has migrated to SAP, an ERP application software, from its legacy system Coal-Net to process all its accounting transactions with effect from 1 <sup>st</sup> August, 2021. As per the information and explanations provided to us by the management, this application covers mostly all the functionalities to run the business process smoothly and efficiently to fulfill the intense requirement of the Company.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company)	No such cases of restructuring of an existing loan or cases of waiver / write off of debts / Loans / interest etc. are observed during the Financial Year 2022-23.







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3	Whether funds (grants/ subsidy etc) received/ receivable for specific schemes from Central/ State Government or agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	During the year 2022-23 the company has not received funds for specific schemes from Central/State Government or agencies except as under JRDA from Coal India Ltd. for ₹ 1.75 crore. The amount were properly utilized as per its terms and conditions.
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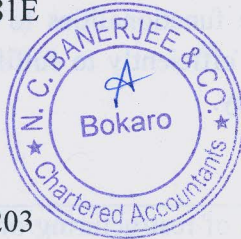
**For N. C. BANERJEE & CO.**

Chartered Accountants

Firm Regn. No: 302081E

*Arvind Kumar*  
(CA Arvind Kumar)  
Partner

Membership No. 402203



UDIN: 23402203BGROLN1131

Date: 24/04/2023

Place: Dhanbad

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

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**Annexure – B: Additional Directions under section 143 (5) of the Companies Act 2013**

Sr. No.	Particulars	Observation
1	Whether coal stock measurement was done based on Yellow Book? Whether physical stock measurement reports are accompanied by contour map in all cases? Whether approval of the competent authority was obtained for new heap, if any, created during the year.	<p>As per explanation and information given to us, the coal stock measurements of the heaps are being done as per the Yellow Book. Coal Stock dumps are being created by the collieries at prefix locations for which contour plans are prepared and approved by competent authority in advance, i.e. prior to starting dumping of coal. However, in some of the cases, small stocks whose geometrical shape are cumbersome and not fit for measurement using contour plan / level section, are being measured by conventional method, even if such stocks are having contour plans. The stock measurement reports are accompanied by contour plans.</p> <p>For the washeries the stocks of slurry, rejects and middling were building up since inception of the washery, i.e. prior to take over by BCCL. The heaps, particularly of reject, slurry, middling etc. are huge in shape and size. All these heaps are not having contour plans, as such being measured by conventional method.</p> <p>As per explanation and information given to us, new heaps created during the year are having approval of competent authority.</p>
2	Whether the company conducted physical verification exercise of assets and properties at the time of merger/ split/restructure of an area. If so, whether the concerned subsidiary followed the requisite procedure.	<p>As per explanation and information given to us, there are no cases of merger / split / restructure of any Area of BCCL during the Financial Year 2022-23.</p>
3	Whether separate Escrow Accounts for each mine has been maintained in CIL and its subsidiary companies. Also examine the utilization of the fund of the account.	<p>Yes, separate Mine-wise Escrow account against each Mine Closure Plan is maintained with Bank of Baroda and Union Bank of India according to guidelines issued by Ministry of Coal.</p> <p>No amount has been withdrawn from Escrow account during the financial year 2022-23.</p>
4	Whether the impact of	<p>There is no demand on account of illegal mining as imposed by</p>







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2 Ganesh Chandra Avenue  
1<sup>st</sup> Floor, Room No. 9  
Kolkata – 700 013

Sr. No.	Particulars	Observation
	penalty for illegal mining as imposed by the Hon'ble Supreme Court/ National Green Tribunal/ State Pollution Control Board has been duly considered and accounted for?	<p>the Hon'ble Supreme Court/ National Green Tribunal/ State Pollution control Board as on 31.03.2023.</p> <p>However, demand notices amounting to ₹ 17,344.46 crore have been issued in respect of 47 Projects/Mines/ Collieries of the company by State Government (District Mining Officer) in pursuance of the judgement dated 02.08.2017 of Hon'ble Supreme Court of India vide W.P. (C) No. 114 of 2014 in Common Cause vs. Union of India &amp; Others.</p> <p>Based on the judgment received from Revisional Authority, MoC and legal opinion, the above demand has been vacated.</p> <p>The same is suitably disclosed in the Additional Notes to Accounts vide no. 38.4.(a).(ii).</p>
5	Whether any independent Assessment/ Certification in respect of migration process of data from Coalnet portal to SAP has been done.	Till date no independent assessment/certification in respect of migration process of data from Coal-Net portal to SAP has been done.

**For N. C. BANERJEE & CO.**

Chartered Accountants

Firm Regn. No: 302081E

*Arvind Kumar*

**(CA Arvind Kumar)**

Partner

Membership No. 402203

UDIN: 23402203BGROLN1131

Date: 24/04/2023

Place: Dhanbad







*N.C. Banerjee & Co.*

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"COMMERCE HOUSE"

2 Ganesh Chandra Avenue

1<sup>st</sup> Floor, Room No. 9

Kolkata – 700 013

**Annexure – II to the Independent Auditors' Report to the members of the Bharat Coking Coal Limited, Dhanbad on the Standalone financial statements for the year ended 31<sup>st</sup> March, 2023.**

[Referred to in Paragraph 2 of "Report on Other Legal and Regulatory requirements" of our Audit Report]

**AUDITOR'S REPORT:**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) In respect of Property, Plant and Equipment
- (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (B) The company is maintaining proper records showing full particulars of intangible assets;
- (b) The company has physically verified Property, Plant and Equipment at reasonable intervals; and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are tabulated below:-

Description of property	Gross carrying value (₹ in crore)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company
Freehold Land	128.80	Only in case of Directly purchased by company (1147.455 Ha)	Not Applicable	Different Dates	1. Out of the total (freehold & other land) of 18682.195 Ha in the possession of BCCL, 17840.084 Ha land constitutes free hold land and 842.111 Ha other land. 2. 16692.629 Ha of freehold land acquired on Nationalization of Coal Mines as well as taking over of Coal Mines Labour Welfare Organization including Central Hospital and four other Hospitals, Mines Rescue Stations of Govt. of India, four Washeries of SAIL, erstwhile Coal Board and Central Jharia Projects have been transferred to the Company by the Govt. of India. The question of mutation of land acquired under Coal Mines (Nationalization) Act 1972 as well as Coal

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758

Branch Office: 502-B, Techno Park-I, Thakur Village, Kandivali East, Mumbai – 400101, Phone: 9869279367







Description of property	Gross carrying value (₹ in crore)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company
					Bearing Areas (Acquisition & Development) Act 1957, does not arise in law, as its right, title and interest remains vested absolutely in the Central Government, which is, on transfer, exercised by BCCL, a Government Company. 3. All other title deeds for land acquired are in possession and are mutated in favour of company except in few cases of freehold lands, where same is under progress pending legal formalities.
Other land	33.21	Not Applicable	Not Applicable	Different Dates	838.247 Ha land is in the category of other land which were acquired in pursuance to Coal Mines (Nationalisation) Act 1973, under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894 that does not require title deeds separately for corresponding land. 3.864 Ha of Railway land at Loyabad station is taken on lease for a period of 35 years from March 2022.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year ended 31<sup>st</sup> March 2023.

(e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The company has physically verified inventory at reasonable intervals. No such discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

(b) Unsecured working capital limits have been sanctioned during the year in excess of five crore rupees, in aggregate, from banks or financial institutions. The detail of such sanctions is provided in the below table:







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Bank Name	Sanctioned limit (Working capital demand loan/ Working capital loan / Short term loan)	Outstanding as on 31.03.2023 *
HDFC Bank Ltd.	₹ 850.00 Crore	Nil
AXIS Bank Ltd.	₹ 200.00 Crore	Nil
ICICI Bank Ltd.	₹ 50.00 Crore	Nil

\*No amount of loan has been availed by the company during the financial year.

However, The Company had not been sanctioned any working capital limits in excess of ₹ 5 crores, from bank or financial institutions on the basis of security of current assets during F.Y. 2022-2023.

- (iii) No investments are made in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, paragraph 3(iii)(a) to 3(iii)(f) of the Order are not applicable.
- (iv) According to the information and explanation given to us the Company has not granted any loans, or made investments, or given guarantees, or provided any security in connection with loan taken by other body corporate or persons as per the provisions of sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the order is not applicable.
- (v) According to the information and explanation given to us the Company has not accepted any deposits nor it has accepted any amounts which are deemed to be deposits. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanation given to us, Central Government has prescribed maintenance of cost records under sub- section (1) of section 148 of the Companies Act, 2013 for the products of the company and in our opinion the company is preparing and maintaining such accounts and records as specified.
- (vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However according to the information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax, goods and Service Tax and Value added tax have not been deposited by the Company on account of disputes are as follows:

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com  
Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758  
Branch Office: 502-B, Techno Park-I, Thakur Village, Kandivali East, Mumbai – 400101, Phone: 9869279367







**N.C. Banerjee & Co.**  
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1<sup>st</sup> Floor, Room No. 9  
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Sr No	Name of the Statute	Nature of Dues	Demand Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax/TDS/TCS	179.99	2019-20	AO, Dhanbad
			0.05	2017-18	ACIT, DHANBAD
			24.91	2010-2021	JCIT TDS Dhanbad
			37.48	2014-15 to 2019- 20	CIT DHANBAD
			45.89	2007-08 to 2016- 17	CIT(A) TDS
			52.24	2007-08 to 2019- 20	CIT(A) DHANBAD
			548.82	2006-07 to 2013- 14	ITAT, RANCHI
2	JVAT ACT, 2005	Jharkhand VAT	2.23	2012-13	ACCT
			157.12	2007-08 to 2020- 21	DCCT
			229.5	1999-00 to 2016- 17	JCCT
			46.95	2006-07 to 2012- 13	CCT/Appellate
			0.27	2016-17	Tribunal Ranchi
3	BST ACT, 1959	Bihar Sales Tax	11.34	1980-81 to 2006- 07	Appellate Court
4	CST ACT, 1956	Central Sales Tax	0.66	2011-12 to 2014- 15	ACCT
			131.48	1980-81 to 2019- 20	DCCT
			311.98	1999-2000 to 2019-20	JCCT
			17.14	1979-80 to 2010- 11	CCT/Appellate
			0.53	2011-12 to 2014- 15	Tribunal Ranchi

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*N.C. Banerjee & Co.*

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5	WB PE Act, 1973 and WBREP Act, 1976	Rural Education & Primary Education Cess	13.46	1995-96 to 2007- 08	WB Tribunal
6	MMRD ACT, 1957	Royalty	171.98	1977 to 2014-15	Certificate Officer, Dhanbad
			4.47	2005-06	Ministry of Coal
			166.59	1979-80 to 2012- 13	Jharkhand High Court
			1.40	1994-95 to 2006- 07	Supreme court
7	ED ACT, 1948	Electricity Duty	7.43	2002-03 to 2016- 17	DCCT
			16.09	2006-07 to 2016- 17	JCCT Dhanbad
			6.61	2005-06 to 2017- 18	CCT, Ranchi
8	Finance Act, 1994	Service Tax	4.95	2014 to March 2017	CESTAT KOLKATA
9	Central Excise Act, 1944	Excise Duty	46.96	March 11 to June 2018	The Commissioner of Central Excise (Appeals), Ranchi
			211.32	2021-22	Tribunal
			7.53	March 86 to 2015- 16	Jharkhand High Court
10	SGST ACT, 2017	GST	188.01	2017-18	Jharkhand High Court
11	HOLDING TAX	Holding Tax	252.23	2015-16	Jharkhand High Court
	<b>TOTAL</b>		<b>2,897.61</b>		

(viii) The company have not come across any case related to transactions that were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com  
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assessments under the Income Tax Act, 1961 (43 of 1961).

- (ix) (a) The company has not taken any loans from Bank during the year.
- (b) The company has not declared a wilful defaulter by any bank or financial institution or other lender during the year.
- (c) The company has not taken any term loans during the year nor there any outstanding term loan at the beginning of the year. Accordingly, paragraph 3(ix) (c) of the Order is not applicable.
- (d) The company has not raised any funds on short term basis during the year. Accordingly, paragraph 3(ix) (d) of the Order is not applicable.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year;
- (f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.
- (x) (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) According to the information and explanations given to us, no fraud by the company or no material fraud on the company has been noticed or reported during the year except the following cases of fraud on the Company by its officers or employees vide letter dated 05-04-2023 received from the Vigilance department. The details of the same are hereunder:

Srl No	Case No / FIR No.	Description of the Case
1.	CB/01/2022. Registered on 26.05.2022	Irregularities in arbitrary cancellation of BC and FC in a tender of Lodna Area even after recommendation of tender committee member to award the work in favour of L-1 tenderer.
2.	CB/02/2022. Registered on 17.06.2022	Irregularities in handover and takeover of BCCL's quarter at EJ Area.
3.	CB/04/2022. Registered on 22.09.2022	Irregularities in work of Coal Transportation from various coal dump of kuya ocp to ck siding through feeder breaker during the period January 2021 to May 2021 by the three private coal transporters.
4.	CA/01/2022. Registered on 07.12.2022	Alleged violation of terms and conditions of the contract and non-deposition of correct amount of EPF.

- (b) No information has been received by us / come to our notice during the course of audit in relation to the report under sub-section (12) of section 143 of the Companies Act to be filed in







Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

- (c) According to the information and explanations given to us, no whistle-blower complaint has been received by the Company during the year.
- (xii) (a) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards;
- (xiv) (a) According to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business;
- (b) Internal Audit Reports upto February, 2023 were considered.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934)
- (b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
- (d) The company has not Group more than one CIC as part of the Group;
- (xvii) The company has not incurred cash losses during the current financial year and immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the company during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

*We state that our reporting based on the facts up to the date of the report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged / not discharged by the company as and when they*







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Kolkata – 700 013

fall due.

(xx) (a) The company has no projects other than ongoing projects. Therefore compliance with second proviso to sub-section (5) of section 135 of the said Act is not applicable to the company.

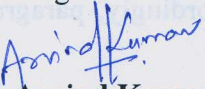
(b) In respect of ongoing project, the company has not transferred the Unspent CSR amount as at the Balance Sheet date out of the amounts that was required to spent during the year, to a special account in compliance with the provision of sub-section (6) of section 135 of the said Act till the date of our report since the time period for such transfer i.e. 30 days from the end of the financial year has not elapsed till the date of our report

(xxi) The Company is not required to prepare consolidated financial statements. Therefore the provisions of clause 3 (xxi) of paragraph 3 of the order is not applicable to the Company.

**For N. C. BANERJEE & CO.**

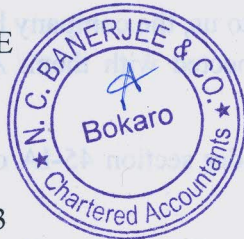
Chartered Accountants

Firm Regn. No: 302081E

  
(CA Arvind Kumar)

Partner

Membership No. 402203



UDIN: 23402203BGROLN1131

Date: 24/04/2023

Place: Dhanbad

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758

Branch Office: 502-B, Techno Park-I, Thakur Village, Kandivali East, Mumbai – 400101, Phone: 9869279367





*N.C. Banerjee & Co.*

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1<sup>st</sup> Floor, Room No. 9

Kolkata – 700 013

**Annexure – III to the Independent Auditors' Report to the members of the Bharat Coking Coal Limited, Dhanbad on the Standalone financial statements for the year ended 31<sup>st</sup> March, 2023.**

[Referred to in Paragraph 3(g) of "Report on Other Legal and Regulatory requirements" section of our Audit Report]

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of Bharat Coking Coal Limited ("the Company") as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over

Phone: (033) 2213 2200, Mobile 8585068838 / 6291521509, E-mail: ncbanerjee02@gmail.com / ncb.co@hotmail.com

Branch Office: 54A, Kunj Vihar, Chira Chas, Bokaro, Jharkhand – 827013. Mobile: 9435735758

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financial reporting was established and maintained and if such controls operated effectively in all material respects.

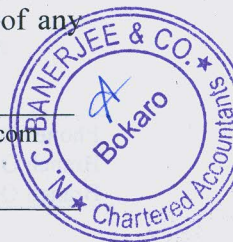
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any







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2 Ganesh Chandra Avenue  
1<sup>st</sup> Floor, Room No. 9  
Kolkata – 700 013

evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. 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 March 31, 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.

**For N. C. BANERJEE & CO.**

Chartered Accountants

Firm Regn. No: 302081E

*Arvind Kumar*

**(CA Arvind Kumar)**

Partner

Membership No. 402203



UDIN: 23402203BGROLN1131

Date: 24.04.2023

Place: Dhanbad