



KASG & CO.

Chartered Accountants

Head Office :-

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DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

DISTRICT LEVEL

STATUTORY AUDIT REPORT FOR THE FY 2016 - 17

Branch Office :-

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AUDITOR'S REPORT

Report on the Financial Statements

1. We have audited the attached financial statements of the Dhanbad Zila Khanij Foundation Trust, Dhanbad (District Level) which comprise the Statement of Affairs as at 31st March, 2017 and Income & Expenditure Account for the year then ended and a summary of significant accounting policies and notes on accounts.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with law of India. This responsibility includes the designing, implementation and maintenance of internal controls relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

6. We draw the attention of the management towards our observations and suggestions attached herewith in Annexure - A.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view and are in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Statement of Affairs, of the state of affairs of the Trust as at 31st March, 2017;
 - (ii) In the case of the Income & Expenditure Account, the **excess of Income over Expenditure** for the year ended on that date.



8. We report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
 - (b) The transactions of the Trust, which have come to our notice, have been within the powers of the trust.

9. **Subject to our observations attached in Annexure – A, we further report that:**

The Statement of Affairs and Income & Expenditure account dealt with by this report are in agreement with the books of account.

For K A S G & Co.
Chartered Accountants
FRN: 002228C

(K. K. Harodia)
Partner
M. No. 034751

Place: Dhanbad
Date: 10/01/2019



DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

Fy 2016-17

ABOUT THE TRUST AND THE SCHEME:-

Dhanbad Zila Khanij Foundation Trust, Dhanbad was registered on 04/02/2016 vide Deed No. 790/97. This is a statutory trust as notified by the Government of Jharkhand to be governed by its own rules and regulations so notified. This trust has been established as a non – profit body by the government for the benefits of the affected people in the area of mining or mining related operations of Dhanbad District.

The Central Government has issued a directive to the State Governments, under section 20A of the MMDR Act, 1957, laying down the guidelines for implementation of Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) and directing the States to incorporate the same in the rules framed by them for the DMFs.

The objectives of this scheme are as follows:-

- a. To implement various developmental and welfare projects/programs in mining affected areas that complement the existing ongoing schemes/projects of State and Central Government;
- b. To minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio – economics of people in mining districts; and
- c. To ensure long – term sustainable livelihoods for the affected people in mining areas. Care has been taken to include all aspects of living, to ensure substantial improvement in the quality of life.

The PMKKKY covers the activities listed below:-

- a. High Priority Areas like drinking water supply, health care, sanitation, education, skill development, women and child care, welfare of aged and disabled people, skill development and environment conservation will get at least 60% share of the funds.
- b. Other Priority Areas like physical infrastructure, irrigation, energy and watershed development & any other measures for enhancing environmental quality in mining district will get at most 40% share of funds. The funds in these activities will be spent in order to create a supportive and conducive living environment.

In this way, the government is facilitating main streaming of the people from lower strata of society, tribals and forest – dwellers who have no where with all and are affected the most from mining activities.

The Central Government also notified the rates of contribution payable by the miners to the DMFs which is specified below:-

- a. In case of all mining leases executed before 12th January, 2015 (the date of coming into force of the Amendment Act) miners will have to contribute an amount equal to 30% of the royalty payable by them to the DMFs.
- b. Where mining leases are granted after 12th January, 2015, the rate of contribution would be 10% of the royalty payable.

Using the funds generated by this contribution, the DMFs are expected to implement the PMKKKY.



ANNEXURE – A to the AUDIT REPORT of
Dhanbad Zila Khanij Foundation Trust, Dhanbad (District Level)
FOR THE YEAR ENDING 31st MARCH, 2017

Observations & Suggestions

1. All the data/records/information except Cash/Bank Book is prepared in EXCEL Sheet. It is advised that all such data and records should be maintained in TALLY, considering the volume of transactions.
2. Fixed Assets Register has not been maintained. It is suggested to prepare such register in order to maintain the detailed records of all the Fixed Assets.
3. Bank Reconciliation Statement has been prepared on yearly basis. It is suggested that the same should be prepared on monthly basis.
4. It is suggested that Project Monitoring Unit (PMU) should be established for overall control and supervision of the Civil Work, expenditure of Livelihood and maintenance of Accounts at District, Agency, Block and Panchayat Level.
5. It is suggested that Bank Reconciliation Statement and MIS should be implemented on monthly basis.
6. It is suggested that separate Bank Books should be maintained for each bank accounts maintained by the Trust.
7. It is obligatory on the part of the Trust to obtain PAN and TAN from the Income Tax Department and file Income Tax Return every year to claim exemption of the income of the Trust under the provisions of Section 10(23BBA) of the Income Tax Act, 1961. Hence it is advised to do so at the earliest.
8. It has been found that TDS on Interest on Term Deposits (PNB) has been deducted @ 20% amounting to Rs. 6,47,477/-, the refund of which should be claimed from the Income Tax Department by filing income Tax Return.
9. Since it is a Trust and its income is exempted u/s 10(23BBA) of the I.T. Act, 1961, so a certificate for non – deduction of TDS should be obtained from the concerned authority of Income Tax Department.
10. Following guidelines of Jharkhand District Mineral Foundation (Trust) Rules, 2016 should be complied with:-
 - I. **Clause 9 – Development of Annual Plan:-**
 - i. The trust shall develop an annual plan which shall be operational for one financial year.
 - ii. The annual plan of the trust shall include the type and quantum of developmental schemes as per the provisions laid in the guidelines of PMKKKY for which the Trust Fund shall be used. Such developmental schemes/works shall be implemented within a defined time frame for the benefits of affected areas and affected persons therein.



ANNEXURE – A to the AUDIT REPORT of
Dhanbad Zila Khanij Foundation Trust, Dhanbad (District Level)
FOR THE YEAR ENDING 31st MARCH, 2017

- iii. The Trust shall commence the annual planning process at the beginning of the fourth financial quarter every year, for the developmental schemes/works to be executed in the following financial year.
 - iv. The Trust shall take initiatives for training and capacity building of Gram Sabhas of affected areas of preparation of such plans at the beginning of planning process.
11. As per Clause No. 7 of Guidelines of PMKKKY published vide No. 16/7/2015-M. VI (Part) Government of India, Ministry of Mines, Shastri Bhawan, New Delhi dated 16th September, 2015 the Trust should follow the following procedures for preparation of Annual Report:-
- a. Every year, within three months from the date of closure of the financial year, the DMFT shall cause to prepare an Annual Report on its activities for the prescribed financial year and place it before the DMFT.
 - b. The Annual Report shall be submitted to the Government within one month from date of its approval by the DMFT and will also be hoisted on the website of the foundation.
12. As per Clause No 5 of Jharkhand District Mineral Foundation (Trust) Rules (Amended), 2016 the trust should follow the following procedures for inspection and supervision of its schemes/plans:-
- a. The supervision of the schemes of DMFT will be conducted as per the provisions of DMFT and Jharkhand PWD Code Notification, 2015 and Rules, 2016.
 - b. Monthly Progress Report in the prescribed format shall be submitted by Agency to the DMFT regularly.
 - c. Annual Report and Annual Accounts shall be submitted by the Agency to DMFT.
13. The copy of Flexi Term Deposit (Auto Sweep) with PNB, Interest Certificate and TDS Certificate has not been provided before us for our verification.
14. Utilisation Certificate of D.W. & S. Division No. 1 & 2 to DMFT Dhanbad has not been issued in proper manner serially and systematically.
15. It is suggested that Utilisation Certificate should be obtained on quarterly basis.



DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

DISTRICT LEVEL

INCOME & EXPENDITURE A/C

FOR THE YEAR ENDING 31/03/2017

| EXPENDITURE | AMOUNT (Rs.) | AMOUNT (Rs.) | INCOME | AMOUNT (Rs.) | AMOUNT (Rs.) |
|---|----------------|-------------------------|---------------------------|---------------|-------------------------|
| Meeting Expenses | | 106,381.00 | By Receipt of DMFT Fund | | 3,520,353,429.26 |
| Wages | | 20,900.00 | (Royalty Income @ 30%) | | |
| Salary | | 12,710.00 | | | |
| Trust Registration Expenses | | 1,440.00 | Interest Received from | 40,669,134.53 | |
| Depreciation on Fixed Assets | | 143,555.00 | Bank of India | 7,752,251.00 | |
| Funds transferred to | | | State Bank of India | 1,661,388.00 | |
| D. W. & S. Division No. 1 | 76,536,000.00 | | Allahabad Bank | 57,243.00 | |
| D. W. & S. Division No. 2 | 264,023,695.00 | 340,559,695.00 | Punjab National Bank | | 50,140,016.53 |
| Excess of Income over Expenditure to be transferred to Capital Fund | | 3,232,886,148.79 | Interest on Term Deposits | | 3,237,384.00 |
| | | 3,573,730,829.79 | | | 3,573,730,829.79 |

(Signature)
 DISTRICT MINING OFFICER
 cum TREASURER

(Signature)
 03/02/19
 Dy. DEVELOPMENT COMMISSIONER
 cum MEMBER SECRETARY

(Signature)
 Dy. COMMISSIONER
 cum PRESIDENT

DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

Signed in terms of report of even date

For K. A. S. G. & Co.
 (Chartered Accountants)
 (Reg. No. 602228C)



(Signature)
 K. X. Harodia
 Partner
 (M. No. 034751)

Place: Shastri Nagar, Dhanbad
 Date: 10/01/2019

DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

DISTRICT LEVEL

Receipts & Payments Account

FOR THE YEAR ENDING 31/03/2017

| RECEIPTS | AMOUNT (RS.) | AMOUNT (RS.) | PAYMENTS | AMOUNT (RS.) | AMOUNT (RS.) |
|--|---------------|------------------------|---|-----------------|------------------------|
| To Fund Received from Royalty Income @ 30% | | 35203,53,429.26 | By Funds transferred to | | |
| " Interest on Term Deposits (PNB) | | 32,37,384.00 | D. W. & S. Division No. - 1 | 765,36,000.00 | |
| " Interest Received from - | | | D. W. & S. Division No. - 2 | 2640,23,695.00 | 3405,59,695.00 |
| Bank of India | 406,69,134.53 | | " Term Deposits on PNB | | 1012,20,000.00 |
| Punjab National Bank | 57,243.00 | | " Computer & Peripherals | | 4,64,466.00 |
| Allahabad Bank | 16,61,388.00 | | " Furniture & Fixtures | | 84,290.00 |
| State Bank of India | 77,52,251.00 | 501,40,016.53 | " Trust Registration Expenses | | 1,440.00 |
| | | | " Wages | | 20,000.00 |
| | | | " Salary | | 12,710.00 |
| | | | " Meeting Expenses | | 1,06,381.00 |
| | | | " TDS on Term Deposits | | 6,47,477.00 |
| | | | " Closing Bank Balance | | |
| | | | (State Bank of India, Hrapur Branch | | |
| | | | Account No. 36038421157) | 4077,52,251.00 | |
| | | | (Allahabad Bank, Katras Road Branch | | |
| | | | Account No. 50355321643) | 1016,61,388.00 | |
| | | | (Punjab National Bank, Katras Road Branch | | |
| | | | Account No. 1515001100000143) | 14,27,150.00 | |
| | | | (Bank of India, Combined Bldg. Branch | | |
| | | | Account No. 474810210000054) | 26197,72,681.79 | 31306,13,470.79 |
| | | 35737,30,829.79 | | | 35737,30,829.79 |

[Signature]

DISTRICT MINING OFFICER
cum TREASURER

[Signature]
03/02/19

Dy. DEVELOPMENT COMMISSIONER
cum MEMBER SECRETARY

[Signature]

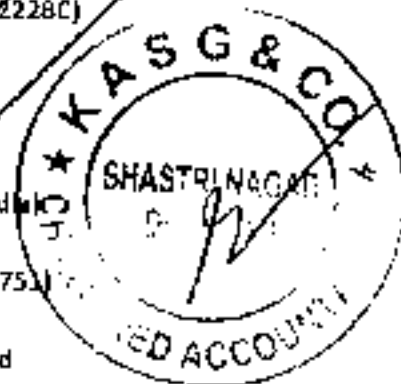
Dy. COMMISSIONER
cum PRESIDENT

DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

Signed in terms of report of even date

For KAS G & Co.
(Chartered Accountants)
(Regn. No. 002228C)

(K.K. Harod) Partner
(M. No. 034751)



Place: Shastri Nagar, Dhanbad
Date: 10/01/2019

DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD
DISTRICT LEVEL
TRIAL BALANCE
AS AT 31/03/2017

| Sl. No. | Account Head | Nature of Account | Debit (Rs.) | Credit (Rs.) |
|--------------------|---|-------------------|-------------------------|-------------------------|
| 1 | DMFT Fund (Income from Royalty @ 30%) | Income | - | 3,520,353,429.26 |
| 2 | Interest Received from Bank of India | Income | - | 40,669,134.53 |
| 3 | Interest Received from State Bank of India | Income | - | 7,752,251.00 |
| 4 | Interest Received from Punjab National Bank | Income | - | 57,243.00 |
| 5 | Interest Received from Allahabad Bank | Income | - | 1,661,388.00 |
| 6 | Interest on Term Deposits (PNB) | Income | - | 3,237,384.00 |
| 7 | Term Deposits (PNB) | Asset | 101,220,000.00 | - |
| 8 | TDS - Interest on Term Deposits | Asset | 647,477.00 | - |
| 9 | Meeting Expenses | Expense | 106,381.00 | - |
| 10 | Depreciation on Computer & Peripherals | Expense | 139,310.00 | - |
| 11 | Depreciation on Furniture & Fixtures | Expense | 4,215.00 | - |
| 12 | Wages | Expense | 20,900.00 | - |
| 13 | Salary | Expense | 12,710.00 | - |
| 14 | Funds Transferred to D. W. & S. Division No - 1 | Expense | 76,536,000.00 | - |
| 15 | Funds Transferred to D. W. & S. Division No - 2 | Expense | 264,023,695.00 | - |
| 16 | Trust Registration Expenses | Expense | 1,440.00 | - |
| 17 | Bank of India | Asset | 2,619,772,681.79 | - |
| 18 | Punjab National Bank | Asset | 1,427,150.00 | - |
| 19 | Allahabad Bank | Asset | 101,661,388.00 | - |
| 20 | State Bank of India | Asset | 407,752,251.00 | - |
| 21 | Computer & Peripherals | Asset | 325,126.00 | - |
| 22 | Furniture & Fixtures | Asset | 80,075.00 | - |
| Grand Total | | | 3,573,730,829.79 | 3,573,730,829.79 |


DISTRICT MINING OFFICER
cum TREASURER


Dy. DEVELOPMENT COMMISSIONER
cum MEMBER SECRETARY

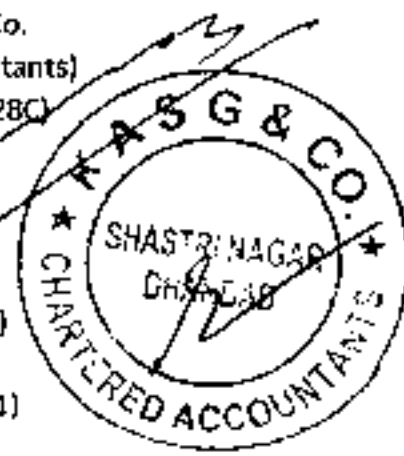

Dy. COMMISSIONER
cum PRESIDENT

DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

Signed in terms of report of even date

For KASG & Co.
(Chartered Accountants)
(Regn. No. 002228C)

(K. K. Harodla)
Partner
(M. No. 034751)



Place: Shastri Nagar, Dhanbad
Date: 10/01/2019

DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

DISTRICT LEVEL

FY 2016 - 17

CLOSING BANK BALANCE AS AT 31st MARCH, 2017

| Particulars | Bank of India (A/c No 474810210000054) | Allahabad Bank (A/c No 50355321643) | State Bank of India (A/c No 36038421157) | Punjab National Bank (A/c No 1515001100000143) |
|--|--|--|---|--|
| Opening Balance as per Pass Book (A) | | - | - | - |
| Add: Royalty Income @ 30% | 3,520,353,429.26 | - | - | - |
| Add: Interest received | 40,669,134.53 | 1,661,388.00 | 7,752,251.00 | 57,243.00 |
| Add: Funds transferred from Bank of India | - | 100,000,000.00 | 400,000,000.00 | 100,000,000.00 |
| Add: Interest on Term Deposits | - | - | - | 3,237,384.00 |
| Total (B) | 3,561,022,563.79 | 101,661,388.00 | 407,752,251.00 | 103,294,627.00 |
| Less: Funds Transferred to D. W. & S. Division 1 | 76,536,000.00 | - | - | - |
| Less: Funds Transferred to D. W. & S. Division 2 | 264,023,695.00 | - | - | - |
| Less: Meeting Expenses | 106,581.00 | - | - | - |
| Less: Wages | 20,300.00 | - | - | - |
| Less: Salary | 12,710.00 | - | - | - |
| Less: Trust Registration Expenses | 1,440.00 | - | - | - |
| Less: Term Deposits | - | - | - | 101,220,000.00 |
| Less: TDS deducted on Interest on Term Deposits | - | - | - | 647,477.00 |
| Less: Funds transferred to Allahabad Bank | 100,000,000.00 | - | - | - |
| Less: Funds transferred to Punjab National Bank | 100,000,000.00 | - | - | - |
| Less: Funds transferred to State Bank of India | 400,000,000.00 | - | - | - |
| Less: Purchase of Computer & Peripherals | 464,466.00 | - | - | - |
| Less: Purchase of Furniture & Fixtures | 84,290.00 | - | - | - |
| Total (C) | 941,249,882.00 | - | - | 101,867,477.00 |
| Closing Balance as per Pass Book (A+B-C) | 2,619,772,681.79 | 101,661,388.00 | 407,752,251.00 | 1,427,150.00 |

BANK RECONCILIATION STATEMENT FOR THE MONTH OF MARCH, 2017

| Particulars | Amount (Rs.) | Amount (Rs.) |
|---|------------------|-------------------------|
| Closing Balance In: | | |
| Bank of India | 2,619,772,681.79 | |
| State Bank of India | 407,752,251.00 | |
| Allahabad Bank | 101,661,388.00 | |
| Punjab National Bank | 1,427,150.00 | |
| Term Deposits In PNB | 101,220,000.00 | 3,231,833,470.79 |
| Less: Interest credited but recorded in Cash Book/ Bank Book on 23/06/2017 | | |
| State Bank of India | 7,752,251.00 | |
| Allahabad Bank | 1,661,388.00 | |
| Punjab National Bank | 57,243.00 | |
| Interest on Term Deposits on PNB (Refer Note) | 3,237,384.00 | 12,708,266.00 |
| Add: TDS debited but recorded in Cash Book/Bank Book on 23/06/2017 (Refer Note) | | 647,477.00 |
| Closing Balance as per Cash Book/Bank Book | | 3,219,772,681.79 |

Note: Net Interest on Term Deposits on PNB has been credited in Cash Book/Bank Book after deducting TDS.



DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD
DISTRICT LEVEL
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2017

1. Dhanbad Zila Khanij Foundation Trust, Dhanbad was registered on 04/02/2016 vide Deed No. 790/97. This is a statutory trust as notified by the Government of Jharkhand to be governed by its own rules and regulations so notified. This trust has been established as a non – profit body by the government for the benefits of the affected people in the area of mining or mining related operations of Dhanbad District.
2. Cash system of Accounting has been adopted.
3. Fixed Assets have been taken at Cost.
4. Depreciation has been provided on Fixed Assets as per the rates applicable in the Income Tax Act, 1961.
5. Funds transferred to D. W. & S. Division No. – 1 and D. W. & S. Division No. – 2 have been treated as expenditure in the books of the District in the year of transfer.
6. As per the guidelines of Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) published vide Notification No. 16/7/2015-M. VI (Part) Government of India, Ministry of Mines, Shastri Bhawan, New Delhi Dated 16th September 2015, at least 60% of PMKKKY funds to be utilized in High Priority Areas which includes –
 - a. Drinking Water Supply;
 - b. Health Care;
 - c. Sanitation, etc.

During the year, 9.67% of total funds received by the Trust have been transferred to the agencies to utilise it in the priority areas, the summary of which is shown below:-

| | |
|--|---------------------------------|
| PMKKKY Funds received during the FY 2016 – 17 – | Rs. 35,203.53 lacs. |
| <u>Funds transferred from District office to Agencies –</u> | |
| a. For Construction of Toilet – | Rs. 3,233.65 lacs (9.19%) |
| b. For Water Schemes – | Rs. 171.95 lacs (0.48%) |
| Total funds transferred to Agencies – | Rs. 3405.60 lacs (9.67%) |

