



# **KASG & CO.**

## **Chartered Accountants**

### **Head Office :-**

2nd Floor, Shree Laxmi Complex, Shastri Nagar, Dhanbad - 826001, Jharkhand  
Ph :- 0326 2302066, Mobile :- +91 94311 20134, +91 9199537891, E-mail : [kkharodia@gmail.com](mailto:kkharodia@gmail.com)

**DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD**

**DISTRICT LEVEL**

**STATUTORY AUDIT REPORT FOR THE FY 2017 - 18**

### **Branch Office :-**

10, Bow Street, 2nd Floor, Beside Calcutta Motors Dealers Association, Kolkata-700012 (W.B)  
Ph :- 033 40050615, Mobile :- +91 8017467202, E-mail : [nharodia@gmail.com](mailto:nharodia@gmail.com)

### **Other Branch Offices :**

New Delhi • Varanasi (UP) • Rudrapur (Uttarkhand) • Raniganj (WB) • Gurgaon (Haryana)

**website :- [www.kasgca.com](http://www.kasgca.com)**



**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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018;
  - (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

(R. K. Agarwal)  
Partner  
M. No. 073063



Place: Dhanbad  
Date: 10/01/2019

## DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD

Fy 2017-18

### 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:-

- To implement various developmental and welfare projects/programs in mining affected areas that complement the existing ongoing schemes/projects of State and Central Government;
- To minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio – economics of people in mining districts; and
- 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:-

- 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.
- 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 mainstreaming of the people from lower strata of society, tribals and forest – dwellers who have no wherewithal 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:-

- In case of all mining leases executed before 12<sup>th</sup> 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.
- Where mining leases are granted after 12<sup>th</sup> 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 31<sup>st</sup> MARCH, 2018**

**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. 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.
9. 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.
    - 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.



**ANNEXURE – A to the AUDIT REPORT of**  
**Dhanbad Zila Khanij Foundation Trust, Dhanbad (District Level)**  
**FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2018**

- 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.
10. 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 16<sup>th</sup> 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 DMF shall cause to prepare an Annual Report on its activities for the prescribed financial year and place it before the DMF.
  - b. The Annual Report shall be submitted to the Government within one month from date of its approval by the DMF and will also be hoisted on the website of the foundation.
11. 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.
12. The copy of Flexi Term Deposit (Auto Sweep) with PNB and Interest Certificate has not been provided before us for our verification.
13. Utilisation Certificate of D.W. & S. Division No. 1 & 2 to DMFT Dhanbad has not been issued in proper manner serially and systematically.
14. Once the Utilisation Certificate for some funds has been issued and closing balance of the same has been shown, next time Utilisation Certificate should be issued taking closing balance of the last Utilisation Certificate. But this Practice has not been followed and again & again Utilisation Certificate has been issued for the same funds. Due to this it is very difficult to know how much Utilisation Certificate has been issued by the Division No. 1 & 2 to DMFT at a particular point of time and if we take total of Utilisation Certificate issued it comes more than the fund transferred to the concerned D. W. & S. Division by the DMFT Dhanbad.  
**(Refer Annexure- A and B)**
15. It is suggested that Utilisation Certificate should be obtained on quarterly basis.



<b>Dhanbad Zila Khanij Foundation Trust, Dhanbad</b>		
<b>D.W. &amp; S. DIVISION No. 1</b>		
<b>For The Construction of Toilet</b>		
<b>Utilization Certificate Submitted To District Office</b>		
<b>Financial Year-2017-18</b>		
<b>Annexure-A</b>		
Sl.No.	Date of Utilization	Amount of Utilization
1	25.07.2017	125,50,000.00
2	05.10.2017	643,44,000.00
3	30.10.2017	1691,14,700.00
4	17.03.2018	112,32,000.00
<b>TOTAL</b>		<b>2572,40,700.00</b>

**Note 1:** - As per Letter No.1622 of Block- Kelliasole provided by agency to District, Expenditure amounting to Rs. 1691.147 lacs has been incurred in construction of toilet as per above data but in the same sheet, Utilisation Certificate is showing that the amount expended Rs. 1102.863 lacs has been utilised.

As such, In the same Certificate, there is difference in Expenditure for Rs. 588.284 Lacs.



<b>Dhanbad Zila Khanij Foundation Trust, Dhanbad</b>			
<b>D.W. &amp; S. DIVISION No. 2</b>			
<b>For The Construction of Toilet</b>			
<b>Utilization Certificate Submitted To District Office</b>			
<b>Financial Year-2017-18</b>			
			<b>Annexure-B</b>
<b>Sl.No.</b>	<b>Date of Utilization</b>	<b>Amount of Utilization</b>	<b>Period</b>
1	15.07.2017	1486,11,300.00	Mar-17
2	15.07.2017	291,16,200.00	Jun-17
3	06.10.2017	452,04,000.00	Sep-17
4	06.10.2017	1305,89,000.00	Sep-17
5	07.11.2017	1306,89,600.00	Nov-17
6	05.01.2018	571,82,400.00	Dec-17
7	19.01.2018	265,42,500.00	Jan-18
8	24.03.2018	814,58,100.00	Mar-18
<b>TOTAL</b>		<b>6493,93,100.00</b>	





**DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD**  
**DISTRICT LEVEL**  
**STATEMENT OF AFFAIRS**  
**AS AT 31ST MARCH, 2018**

*Handwritten initials*

LIABILITIES	AMOUNT (Rs.)	AMOUNT (Rs.)	ASSETS	AMOUNT (Rs.)
<b>General Fund</b>			<b>Property, Plant &amp; Equipment</b>	
Capital Fund	3,232,886,148.79		<b>Computer &amp; Peripherals</b>	
Add:- Excess of Income over Expenditure	1,881,191,108.58	5,164,017,255.37	W.D.V	325,126.00
			Less:- Depreciation @ 40%	130,050.00
				195,076.00
			<b>Furniture &amp; Fixtures</b>	
			W.D.V	80,075.00
			Less:- Depreciation @ 10%	8,008.00
				72,067.00
			<b>Non - Current Investments</b>	
			Fixed Deposits	53,350,000.00
			<b>Current Assets</b>	
			T.D.S. (AY 2017 - 18)	647,477.00
			<b>Cash at Bank</b>	
			(State Bank of India, Hirapur Branch Account No. 36088421157)	424,308,621.00
			(Allahabad Bank, Ketras Road Branch Account No. 5035521643)	105,780,940.00
			(Punjab National Bank, Ketras Road Branch Account No. 151500110000143)	655,864.10
			(Bank of India, Combined Bldg. Branch Account No. 474810210000054)	4,579,007,210.27
				5,109,752,635.37
		<b>5,164,017,255.37</b>		<b>5,164,017,255.37</b>

*Handwritten signature*  
 DISTRICT MINING OFFICER  
 cum TREASURER


*Handwritten signature and date*  
 03/02/19  
 Dy. DEVELOPMENT COMMISSIONER  
 cum MEMBER SECRETARY

*Handwritten signature and date*  
 03/02/19  
 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)  
 (Regn No. 002228C)

*Handwritten signature*  
 (R. K. Agarwal)  
 Partner  
 (M. No. D/3063)



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

**DHANBAD ZILA KHANU FOUNDATION TRUST, DHANBAD**

**DISTRICT LEVEL**

**INCOME & EXPENDITURE A/C**

**FOR THE YEAR ENDING 31ST MARCH, 2018**

EXPENDITURE		AMOUNT (Rs.)	AMOUNT (Rs.)	INCOME		AMOUNT (Rs.)	AMOUNT (Rs.)
To	<u>Funds transferred to</u>			By	Receipt of DMFT Fund		
"	D. W. & S. Division No. 1	1,891,128,782.00			(Royalty Income @ 30%)		3,610,575,673.49
"	D. W. & S. Division No. 2	465,195,500.00	1,856,524,232.00	"	<u>Interest Received from</u>		
"	Meeting Expenses		26,062.00		Bank of India	150,760,619.39	
"	Bank Charges		690.90		State Bank of India	16,556,370.00	
"	Salary		91,443.00		Allahabad Bank	4,119,552.00	
"	Depreciation on Fixed Assets		136,058.00		Punjab National Bank	7,447.00	171,443,988.39
"	<u>Excess of Income over Expenditure to be transferred to Capital Fund</u>		1,931,131,106.58	"	Interest on Term Deposits		5,691,932.00
			<b>3,787,711,593.88</b>				<b>3,787,711,593.88</b>

  
DISTRICT MINING OFFICER  
cum TREASURER


  
Dy. DEVELOPMENT COMMISSIONER  
cum MEMBER SECRETARY

  
Dy. COMMISSIONER  
cum PRESIDENT

**DHANBAD ZILA KHANU FOUNDATION TRUST, DHANBAD**

Stated in terms of report of even date

For K A S G & Co.  
(Chartered Accountants)  
(Hegn. No. DU222BC)

  
(R. K. Agarwal)  
Partner  
(M. No. 079063)



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

Account No. 474810210000054) Term Deposit on PNB	26197,72,681.79 1012,20,000.00	32318,53,470.79	" <b>Closing Balance</b> (State Bank of India, Hirapur Branch Account No. 36038421157)	4243,08,621.00	
" Fund Received from Royalty Income @ 30%		36105,75,673.49	(Allahabad Bank, Katras Road Branch Account No. 50355321643)	1057,80,940.00	
" Interest on Term Deposits (PNB)		56,91,932.00	(Punjab National Bank, Katras Road Branch Account No. 1515001100000143)	6,55,864.10	
" Interest Received from -			(Bank of India, Combined Bldg. Branch Account No. 474810210000054)	45790,07,210.27	
Bank of India	1507,60,619.39		Term Deposit on PNB	533,50,000.00	51631,02,635.37
Punjab National Bank	7,447.00				
Allahabad Bank	41,19,552.00				
State Bank of India	165,56,370.00	1714,43,988.39			
		<b>70195,45,064.67</b>			<b>70195,45,064.67</b>



DISTRICT MINING OFFICER  
cum TREASURER



Dy. DEVELOPMENT COMMISSIONER  
cum MEMBER SECRETARY

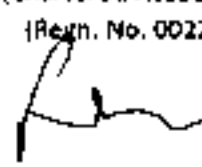
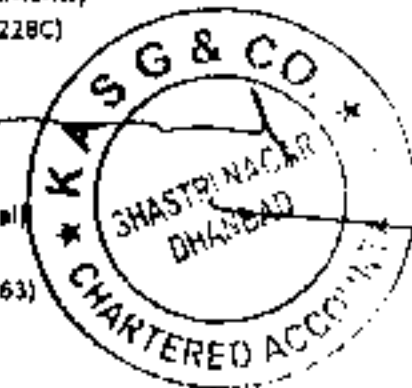


Dy. COMMISSIONER  
cum PRESIDENT

**DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD**

Signed in terms of report of even date

For K A S G & Co.  
(Chartered Accountants)  
(Regn. No. 002228C)

(R. K. Agarwal)  
Partner  
(M. No. 073063)

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

**DHANBAD ZILA KHANIJ FOUNDATION TRUST, DHANBAD**

**DISTRICT LEVEL  
TRIAL BALANCE  
AS AT 31ST MARCH, 2018**

Sl. No.	Account Head	Nature of Account	Debit (Rs.)	Credit (Rs.)
1	Capital Fund	Capital	-	3,232,886.148 79
2	DMFT Fund (Income from Royalty @ 30%)	Income	-	3,610,575.673 49
3	Interest Received from Bank of India	Income	-	150,760,619 39
4	Interest Received from State Bank of India	Income	-	16,556,370.00
5	Interest Received from Punjab National Bank	Income	-	7,447.00
6	Interest Received from Allahabad Bank	Income	-	4,119,552.00
7	Interest on Term Deposits (PNB)	Income	-	5,691,932.00
8	Term Deposits (PNB)	Asset	53,350,000.00	-
9	TDS - Interest on Term Deposits (PNB)	Asset	647,477.00	-
10	Meeting Expenses	Expense	26,062.00	-
11	Bank Charges	Expense	690.30	-
12	Salary	Expense	91,445.00	-
13	Funds Transferred to D. W. & S. Division No - 1	Expense	1,391,128,732.00	-
14	Funds Transferred to D. W. & S. Division No - 2	Expense	465,195,500.00	-
15	Computer & Peripherals	Asset	195,076.00	-
16	Depreciation on Computer & Peripherals	Expense	130,050.00	-
17	Depreciation on Furniture & Fixtures	Expense	8,008.00	-
18	Furniture & Fixtures	Asset	72,067.00	-
19	Bank of India	Asset	4,579,007,210.27	-
20	Punjab National Bank	Asset	655,864.10	-
21	Allahabad Bank	Asset	105,780,940.00	-
22	State Bank of India	Asset	424,308,621.00	-
<b>Grand Total</b>			<b>7,020,597,742.67</b>	<b>7,020,597,742.67</b>

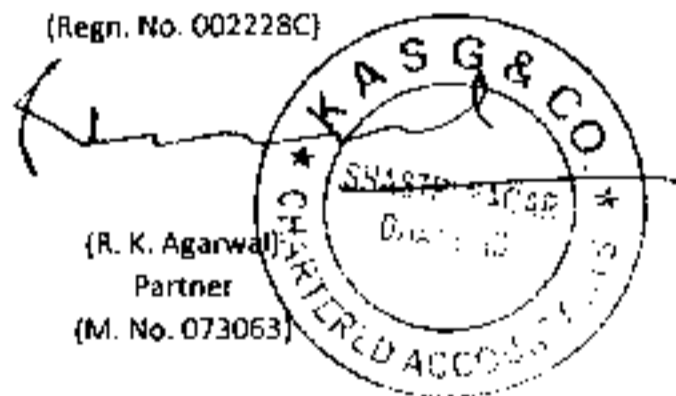
  
DISTRICT MINING OFFICER  
cum TREASURER

  
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 K A S G & Co.  
(Chartered Accountants)  
(Regn. No. 002228C)

  
(R. K. Agarwal)  
Partner  
(M. No. 073063)

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

Plus: Royalty income @ 20%	4,610,575,673.49	-	-	-
Add: Interest received	150,760,619.39	4,119,552.00	16,556,370.00	7,447.00
Add: Interest on Term Deposits	-	-	-	5,691,932.00
<b>Total (B)</b>	<b>3,761,336,292.88</b>	<b>4,119,552.00</b>	<b>16,556,370.00</b>	<b>5,699,379.00</b>
Less: Funds Transferred to D. W. & S. Division 1	1,391,128,732.00	-	-	-
Less: Funds Transferred to D. W. & S. Division 2	410,854,900.00	-	-	54,340,600.00
Less: Meeting Expenses	26,062.00	-	-	-
Less: Salary	91,445.00	-	-	-
Less: Bank Charges	625.40	-	-	64.90
<b>Total ©</b>	<b>1,802,101,764.40</b>	<b>-</b>	<b>-</b>	<b>54,340,664.90</b>
Closing Balance as per Pass Book	4,579,007,210.27	105,780,940.00	424,308,621.00	655,864.10
Closing Balance of Term Deposits	-	-	-	53,350,000.00
<b>Total (A+B-C)</b>	<b>4,579,007,210.27</b>	<b>105,780,940.00</b>	<b>424,308,621.00</b>	<b>54,005,864.10</b>

<b>Grand Total</b>	<b>5,163,102,635.37</b>
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<b>Balance as per Cash Book/Bank Book</b>	<b>5,163,102,635.37</b>
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**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 31<sup>st</sup> MARCH, 2018.**

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 less Depreciation.
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 16<sup>th</sup> 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, 27.34% 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:-**

Opening Balance as on 01/04/2017 –	Rs. 31,797.93 lacs
Received during the FY 2017 – 18 –	Rs. 36,105.76 lacs.
<b>Total Funds</b>	<b>Rs. 67,903.69 lacs</b>

**Funds transferred from District office to Agencies –**

a. For Construction of Toilet –	Rs. 5,168.90 lacs (7.61%)
b. For Water Schemes –	Rs. 13,394.34 lacs (19.73%)
<b>Total funds transferred to Agencies –</b>	<b>Rs. 18,563.24 lacs (27.34%)</b>

