

THE HUTTI GOLD MINES COMPANY LIMITED

SUBHASCHANDRA P.KUDARI & CO.
Chartered Accountants

15, 1st Floor, I cross, Nehrunagar,
Seshadripuram, Bangalore– 560 020
Telephone: 080-23564975/23564976

INDEPENDENT AUDITORS' REPORT(REVISED)

TO THE MEMBERS OF THE HUTTI GOLD MINES COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of The Hutti Gold Mines Company Limited which comprises the Balance Sheet as at 31st March, 2016, statement of Profit and Loss, and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information on that date and submitted our report on 05.08.2016, subsequently the audit report have undergone revision in the light of observations of the Comptroller Auditor General of India. This supersedes our earlier report dated 05.08.2016.

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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

THE HUTTI GOLD MINES COMPANY LIMITED

circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

Basis for Qualified Opinion:

We draw attention to the following matters in the Notes to the financial statements and cash flow statement.

- a. Point No.II, 4 of Note 28 with regard to pending approval from Government of Karnataka for Exgratia provision for 2008-09,2009-10,2010-11, 2012-13,2015-16 totaling to Rs.1,320.45 lakhs and provision of Rs.451.62 lakhs for the year 2011-12 towards production linked incentive.

The above mentioned provisions for exgratia & production linked incentive is pending for approval from Government of Karnataka. However, approval has not been received in this regard from concerned authorities.

In this scenario, we are not in a position to ascertain the impact of these accounts on the financial position of the Corporation.

- b. Point No.II, 16 of Note 28 with regard to Confirmation of Balances.

In this regard, Letters seeking confirmation of balances as on 31.03.2016 in respect of all Sundry Creditors, loans and advances, deposits have been sent and requested them to send the confirmation of balances as on 31.03.2016 to the statutory auditors directly.

We have received very few confirmations of Balances in respect of Sundry Creditors, loans and advances and deposits and are subject to confirmation and reconciliation if any.

In this scenario, we are not in a position to ascertain the impact of these accounts on the financial position of the Corporation.

- c. In line with the preliminary comments issued by C & AG, non- provision of the liability towards Royalty amount from January 2015 to March 2015 has resulted in understatement of other expenses and overstatement of profit for the year to the extent of Rs. 136.36 lakh
- d. In line with the preliminary comments issued by C & AG, in the case of cash flow statement
- Cash Flow from Operating Activities are overstated by Rs.105.85 crore on account of inclusion of cash generated from investing activities, trade payables and deduction of Income Tax.
 - Cash flow from Investing Activities are understated by Rs.104.40 crore on account of inclusion of trade payables, profit on sale of investments instead of actual receipts and not including actual cash receipts on account of interest.
 - Other income of Rs.2.23 crore included under Income from other sources should have been properly classified into operating, investing and financing activities.

THE HUTTI GOLD MINES COMPANY LIMITED

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2016;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As per the directions issued by the Comptroller and Auditor General in terms of Section 143(5) of the Act, we give in Annexure – II, a statement on matters specified therein.
3. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary of the purpose of our audit
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance sheet, the Statement of Profit and Loss and the Cash flow Statements dealt with by this report are in agreement with the books of account;
 - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Balance sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the accounting standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of section 164(2) of the Act.
 - f. 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.
 - g. 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, in our opinion and to the best of our information and according to the explanations given to us:

THE HUTTI GOLD MINES COMPANY LIMITED

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as of March 31, 2016.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for Subhaschandra P Kudari & Co

Chartered Accountants
Firm Regn.No.004094S

Sd/-

S.P Kudari

Proprietor
Membership No.: 020513

Date: 01-09-2016

Place: Bangalore

THE HUTTI GOLD MINES COMPANY LIMITED

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under heading of “Report on other legal and regulatory requirements”) of our report of even date to the members of The Hutti Gold Mines Company Limited for the year ended on 31st March, 2016

According to the information and explanation given to us and on the basis of documents and records made available for our examination, we report as under:

1. In respect of its fixed assets of the Company:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets;
 - b) The management has certified that the fixed assets have been physically verified during the year at reasonable intervals, having regard to the size of the company and nature of its assets. We are informed that no material discrepancies were noticed on such verification as compared with the records of fixed assets;
 - c) The title deeds of immovable properties are held in the name of the company.
2. As explained to us, the inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable and commensurate with the size of the Company. No material discrepancies were noticed on physical verification of inventory as compared to the books of account.
3. The company has not granted any loans, secured or unsecured to companies, firms, LLP'S or other parties covered in the register maintained under section 189 of the Act,
4. The company has not given any loans, investments, guarantees and securities for loans taken by others from bank or financial institutions. Hence, compliance of section 185 & 186 is not applicable.
5. In our opinion, the Company has not accepted any deposits in contravention of Directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under,. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in respect of any contravention.
6. We have reviewed the cost records maintained by the Company pursuant section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. In respect of statutory dues,
 - a) the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, , employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, Cess and Value added tax applicable to it.

THE HUTTI GOLD MINES COMPANY LIMITED

According to the records of the Company and as per the information and explanations given to us, the Company does not have any undisputed statutory dues including Provident Fund, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues which are outstanding for a period in excess of six months as on March 31, 2016, subject to attention being drawn on Note No. II, 2(ii), 4 and No.20 of Note 28 of Notes to Accounts.

- b) According to the information and explanations given to us and as per the records examined by us, there were no disputed amounts due except herein referred in respect of Income Tax, Customs Duty, Excise Duty, Wealth Tax, Cess and Sales Tax as on March 31, 2016

Sl. No.	NAME OF THE STATUES	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	AMOUNT (Rs. in Lakhs)	REMARKS
1	2	3	4	5	6
1	Karnataka Tax on Entry of Goods Act	Entry Tax for Asst. year 1998-99	Karnataka Appellate Tribunal, Bangalore	2.29	The Tribunal has dismissed the case and has directed DCCT, Raichur to issue revised demand notice and orders are awaited.
2	Karnataka Tax on Entry of Goods Act	Entry Tax for Asst. year 2001-02	Joint Commissioner of Commercial Taxes (Appeals), Gulbarga	4.41	Appeal Before the Joint Commissioner of Commercial Taxes (Appeals), Gulbarga which was allowed and directed DCCT to rework the tax amount and issue the revised demand notice. Order and notices are awaited
3	Income Tax Act	Income Tax for Asst. Year 2009-10	Commissioner of Income Tax (Appeals), Bangalore	178.80	Appealed before CIT (Appeals)
4	Income Tax Act	Income Tax for Asst. Year 2010-11	Commissioner of Income Tax (Appeals), Bangalore	706.02	Appealed before CIT (Appeals)
5	Income Tax Act	Income Tax for Asst. Year 2011-12	Commissioner of Income Tax (Appeals), Bangalore	66.74	Appealed before CIT (Appeals)

THE HUTTI GOLD MINES COMPANY LIMITED

6	Income Tax Act	Income Tax for Asst. Year 2012-13	Commissioner of Income Tax (Appeals), Bangalore	17.00	Appealed before CIT (Appeals)
7	Income Tax Act	Income Tax for AY 2013-14	Commissioner of Income Tax (Appeals), Bangalore	100.53	Appealed before CIT(Appeals)
8	The Central Excise Act	Excise Duty on sale of bullion for the year 2006-07 & 2011-12 (After adjustment of deposit of Rs.100 lakhs) Penalty	Central Excise Appellate Tribunal Bangalore Central Excise Appellate Tribunal Bangalore	14,037.27 14,137.27	The Commissioner of Central Excise & Customs, Belgaum has passed order on 26.03.2013 for levying excise duty from 01.01.2007 to 31.12.2011 by rejecting reply submitted by the Company towards show-cause notice. Company has filed appeal before Tribunal. During the year tribunal has granted stay.
9	The Central Excise Act	Disallowing certain CENVAT credits: for the period from 2012 to 2014	Assistant Commissioner of Central Excise, Belgaum	110.91	The Company has submitted its reply on 26.07.2016
10	The Central Excise Act	Disallowing certain CENVAT credits: Notice dated 23.03.16 for the period from 2012-14	Assistant Commissioner of Central Excise Bellary	1.17	The company is yet to take action in this regard

8. we are of the opinion, that the Company has not defaulted in repayment of loans to banks, financial institution, government or debenture holders

THE HUTTI GOLD MINES COMPANY LIMITED

9. The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) or by way of term loans.
10. No fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. The Company has provided remuneration as per the section 197 read with Schedule V to the Companies Act, 2013.
12. The company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable.
13. Based upon the audit procedures performed and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards.
14. The company has not made any preferential allotment or private placement of shares or debentures during the year under review.
15. The company has not entered into any non-cash transactions with directors or persons connected with them during the year under review.
16. The Company has not carried out any non-banking financial activities. Hence the registration under section 45-IA of the Reserve Bank of India Act, 1934 does not apply to the company.

for Subhaschandra P Kudari & Co

Chartered Accountants
Firm Regn.No.004094S

Sd/-

S.P Kudari

Proprietor
Membership No.: 020513

Date: 01-09-2016

Place: Bangalore

THE HUTTI GOLD MINES COMPANY LIMITED

Annexure II to Section 143(5): Additional Directions

Sl.No	Directions	Compliance
1	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed and General Reserves) may be examined including the mode and present stage of disinvestment process	The company is not selected for disinvestment
2	Please report whether there are any cases of waiver / write-off of debts / loans / interest etc, if yes, the reasons there for and the amount involved.	We have not come across any cases of waiver / write-off of debts / loans / interest reported during the year
3	Whether proper records are maintained for inventories lying with third parties and asset received as gift from Government or other authorities.	The company has maintained proper records for inventories. However company in routine course does not come across of having inventories with third parties. Further Company do not have any assets as a gift reported during the year.
4	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on legal cases (foreign and local) may be given.	The lists of pending legal cases are enclosed along with status.

THE HUTTI GOLD MINES COMPANY LIMITED

Compliance to additional company specific directions:

Sl.No	Directions	Compliance
A	Whether the company has an approved mine closure plan and rehabilitation activities	Yes, company has an approved mine closure plan and rehabilitation plan, which is approved by the Indian Bureau of Mines Bangalore vide letter no.KNT/RCH/MS/G-214-SZ/158/ Dated 13.08.2014 which is valid for a period of 5 years (2013-14 to 2017-18)
B	Whether the company has taken adequate measures to reduce the adverse affect on environment as per established norms and taken up adequate measures for the relief and rehabilitation of displaced people.	Yes, the company has got the environment clearance from MoEF and approval of mining plan from Indian Bureau of Mines, thus the company has ensured enough adequate measure on environmental and rehabilitation aspects.
C	Whether the company has obtained the requisite statutory compliances that was required under mining and environmental rules and regulations?	Yes, obtained environmental clearance vide letter no.J-11015/13/2003.1A.11 (M)/ dtd.17.11.2004.
D	Examine the cost benefit analysis of the major capital expenditure / expansion including IRR and payback period.	Company has the practice of preparing and working out payback period and IRR for its major projects.
E	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personnel information, payroll, inventory etc. have been computerized and the company has evolved proper security policy for data / software / hardware?	The company has computerized most of its operations. The independent and un-integrated software are being used by various departments of the company. The major issues such as accounting, sales personnel information, payroll, inventory, fixed assets etc. have been computerized. The company officials take proper backups on regular basis as a security policy and most of the printout / hard copies preserved.

THE HUTTI GOLD MINES COMPANY LIMITED

HON'BLE CIVIL JUDGE COURT TIPTUR

1	<p>M/s Gowrishankar Chemicals Pvt Ltd V/s HGML</p> <p><u>Case entrusted to</u></p> <p>M/s. ILPM Consultants, Bangalore</p>	0.S.129/2012	Hon'ble Civil Judge court Tiptur	<p>Gowrishankar Chemicals (P) Ltd. Tiptur was issued with a purchase order bearing N0.2390 dated 25-11-2010 for supply of 30 Metric Tones activated carbon on staggerly delaying basis, as per tender notification No.7/2010- 11 dated 27/08/2010. Accordingly, M/s.Gowrishankar Chemicals (P) Ltd. Tiptur has supplied 15 Metric Tonnes of activated carbon. The activated carbon supplied by the vendor was not as per specification. However, to avoid the stock out situation 10 metric tons of activated carbon were accepted and remaining 5 metric tones were rejected. The vendor requested vide his letter dated 12/12/2011 requesting for joint analysis and inspection of the activated carbon supplied by him. But his request for joint inspection was rejected vide letter dated PS/2757/10-11, dated 10/03/2011 intimating him the tested by Laboratory are final and binding as per terms and conditions of the purchase order clause 6. Now the Hon'ble Civil Judge Court (Jr.Divn) Tiptur has issued a summons dt.12/04/2012 directing the management to appear before the Court on 26/05/2012 wherein the Managing Director is the first party and Dy. General Manager (Materials) is the second party entrusted to M/s. ILPM Consultants, Bangalore. The case is posted on 06/11/2012 for filing of Affidavit.</p>	Purchase of activated carbon	Filing of Affidavit
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THE HUTTI GOLD MINES COMPANY LIMITED

2	Sri. Siddanna and 36 Others <u>Case entrusted to</u> M/s. Lalit Mohini Bhatt Legal Consultants & Advocates, New Delhi.	R.P. No. 2235/2016	Supreme Court	37 land owners of Uti village have filed special leave petition before supreme court of India, New Delhi, against the order passed by Hon'ble High court of Karnataka, Bangalore fixing compensation amount of Rs. 25,000/- per acre as against Rs.1,02,000/- per acre as awarded by the district. The case was entrusted to M/s. Lalit Mohini Bhat, Legal Consultant Advocate, New Delhi, through M/s. ILPM, Consultant, Bangalore. The Hon'ble Supreme Court passed an order on 18/02/2016 and fixing the compensation of Rs.90,000/- per acre with all benefits. The Management had filed a Review petition before the Supreme Court and the same was dismissed on 05/05/2016.	Higher Compen- sation	Dismissed on 05/05/2016. Refer Note No.28 (11) — 20 of the accounts.
3	Sri. Madhava Reddy V/s. HGML <u>Case entrusted to</u> Sri. Ashok. S. Kenagi Advocate, Kalaburagi	MFA No. 31914/2009	Hon'ble High Court Kalburagi	Sri. Madhava Reddy, Class I contractor, Raichur had been entrusted a contract for ore transportation from Uti to Hutti. The contractor has violated the terms of contract and stopped the ore transportation. The case was referred to arbitrator; the arbitrator has passed order in favour of the contractor. The case pending before Dist. Chief Judicial Court Raichur and the court has passed an order that the court has no jurisdiction and the case is refer to Principle Session Court Raichur. The Hon'ble Prl. Dist. Session Court, Raichur has dismissed the said cases. The management has preferred an appeal before the Hon'ble High Court, Circuit Bench, Gulbarga against the order of the Dist. Court. The Circuit Bench has passed interim order staying execution and operation of award dated 30/01/02 the said case posted for orders was on 07/10/2015.	Violation of Agree- ment	Last date heard on 07/10/2015.

THE HUTTI GOLD MINES COMPANY LIMITED

Summary of other cases:

Sl. No.	Particulars	No.of Cases	Remarks
1	Land Acquisition Cases Higher Compensation - 126 Employment 12	138	
2	Service Matters (Appt./ Disciplinary etc)	25	
3	Consumer Court Cases	20	Error in Pension calculation
4	Terminal Benefit Cases	8	
	Central Govt. Industrial Tribunal Court cum Labour Court Cases	7	
5	Workmen Compensation	6	
	Other Cases	11	
	Total	215	

THE HUTTI GOLD MINES COMPANY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 referred to in our report of even date in Para 2(f)

We have audited the internal financial controls over financial reporting of Hutti Gold Mines Company Ltd (“the Company”) as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management 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

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

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 included 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.

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.

THE HUTTI GOLD MINES COMPANY LIMITED

Meaning of Internal Financial Controls over Financial Reporting

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 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 unauthorised 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

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 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

In our opinion, 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 31 March 2016, 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 Subhaschandra P. Kudari & Co

Chartered Accountants

FRNo. 004094S

S P Kudari

Proprietor

M. No. 020513

Place: Bangalore

Date: 01-09-2016

THE HUTTI GOLD MINES COMPANY LIMITED

Replies to the Independent Auditor's Report

S.No	Qualified opinions of the Auditor	Replies of the Company
a.	<p>Point No.II, 4 of Note 28 with regard to pending approval from Government of Karnataka for Exgratia provision for 2008-09, 2009-10,2010-11, 2012-13, 2015-16 totaling to Rs.1,320.45 lakhs and provision of Rs.451.62 lakhs for the year 2011-12 towards production linked incentive.</p> <p>The above mentioned provisions for exgratia& production linked incentive is pending for approval from Government of Karnataka. However, approval has not been received in this regard from concerned authorities.</p> <p>In this scenario, we are not in a position to ascertain the impact of these accounts on the financial position of the Corporation.</p>	The matter is being pursued for approval of the Government.
b.	<p>Point No.II, 16 of Note 28 with regard to Confirmation of Balances.</p> <p>In this regard, Letters seeking confirmation of balances as on 31.03.2016 in respect of all Sundry Creditors, loans and advances, deposits have been sent and requested them to send the confirmation of balances as on 31.03.2016 to the statutory auditors directly.</p> <p>We have received very few confirmations of Balances in respect of Sundry Creditors, loans and advances and deposits and are subject to confirmation and reconciliation if any.</p> <p>In this scenario, we are not in a position to ascertain the impact of these accounts on the financial position of the Corporation</p>	Noted
c.	<p>In line with the preliminary comments issued by C & AG, non- provision of the liability towards Royalty amount from January 2015 to March 2015 has resulted in understatement of other expenses and overstatement of profit for the year to the extent of Rs.136.36 lakh</p>	The provision for Royalty payable to District Mineral Foundation (DMF) and the National Mineral Exploration Trust (NMET) for the period January, 2015 to March, 2015 amounting to Rs.136.36 lakhs was not made in the books of accounts as the matter is sub-judice. This will be examined in FY 2016-17 and necessary treatment will be given in books of accounts.