

REPORT ON THE INSPECTION CARRIED OUT ON 4th MAY 2017 OF RECORDS RELATING TO THE BIOGAS PROJECT UNDERTAKEN BY COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE (CROSS) PURSUANT TO THE EMISSION REDUCTIONS PURCHASE AGREEMENT (ERPA) DATED 9TH APRIL 2014 WITH FAIR CLIMATE SERVICES PRIVATE LIMITED (FCS)

I. Project Progress

Community Reconstruction of Social Service (CROSS) has received an amount of Rs. 3,70,10,000/- as project advances from Fair Climate Services Private Limited (FCS) during the period up to 31st March 2017, out of the Rs. 7,98,07,828/- earmarked for the first three years in the ERPA. Work has commenced on 3770 units in 271 villages, of which 1857 units have been commissioned up to 31st March 2017. The progress of the project is as follows:

| Process | Units | Percentage of completion | Average days from start |
|--------------------|-------|--------------------------|-------------------------|
| Mark | 3770 | 100 | 0 |
| Excavate | 3768 | 100 | 1 |
| Supply of Sand | 3676 | 98 | 10 |
| Supply of Cement | 3542 | 94 | 16 |
| Supply of Bricks | 3647 | 97 | 13 |
| Supply of Hardware | 3563 | 95 | 17 |
| Supply of Jelly | 3627 | 96 | 13 |
| Supply of Concrete | 3371 | 89 | 35 |
| Brick Work | 3363 | 89 | 37 |
| Plastering | 3360 | 89 | 40 |
| Fixing Grill | 2730 | 72 | 85 |
| Fill Gobar | 2051 | 54 | 117 |
| Supply of Stone | 3297 | 87 | 44 |
| Supply of Stove | 1961 | 52 | 128 |
| Fixing of Pipe | 1927 | 51 | 133 |
| Commissioned | 1857 | 49 | 156 |

II. Bank Account and Books of Account:

1. As mandated by clause 5.5 a. of the ERPA, the designated savings bank account has been used exclusively for the receipt and utilisation of funds under the ERPA. The only credits to the account are the remittances from FCS, and interest earned thereon. During the financial year ended 31st March 2017, an amount of Rs. 1,87,60,000/- has been received by CROSS from FCS, and an amount of Rs. 52,717/- has been earned as bank interest.
2. As required under clause 5.5 b. to e. of the ERPA, CROSS is maintaining separate books of account for the project using Tristle Transact, and the Tristle Biogas Monitoring

Solution, wherein only transactions directly related to activities covered under the ERPA are recorded.

No material discrepancies were observed on verification of the books of account and related records.

The staff comprising Case Workers, the CDM Manager, and the Desk Worker (Accounts) were found to be conversant and comfortable with using the software application.

3. As mandated by clause 5.5 f. and g. of the ERPA, no loans or advances have been given out of funds received under the ERPA unless directly related to the implementation of the project, and no securities or liens or attachments have been offered using monies received for the project.
4. The books of account up to 31st March 2016 have been audited by a Chartered Accountant, and the audited financial statements along with notes thereon and the reports of the auditor are available in the files of the organisation. No qualifications have been made in the report of the auditor. The auditor has not, however, given a management report.
5. As per clause 5.5 h. of the ERPA, manual stock registers of materials purchased in bulk are to be maintained, and should be identically reflected in the Tristle Transact Biogas Monitoring Solution. Manual stock registers are being maintained in respect of gate valves and inlet pipes, safety grills and steel rods, and gas pipes. Other materials are purchased as and when necessary, and supply is done directly at the project site. Materials are stored in a vacant site adjacent to the CROSS office. The materials are guarded by a security person at night.

A physical verification of stock with the stock records revealed no discrepancies in stocks of safety grills and PVC pipes.

Stock records are not updated in the Tristle Transact Biogas Monitoring Solution.

6. CROSS is maintaining a Fixed Assets Register showing date of acquisition, value, location, and other details of fixed assets.

III. Information:

1. As per clause 7.2 c. of the ERPA, CROSS has to supply to FCS 20 case studies quarterly of individual end users, and/or their communities, illustrating the beneficial results of the project. However, this has not been done till the date of inspection.
2. As mandated by clause 11. 1. f. of the ERPA, CROSS has been sending periodic reports to FCS in the prescribed format. The CDM Manager sends a report on operations monthly, and the Desk Worker (Accounts) sends financial data on a bi-weekly basis.

IV. Field Visit:

Visits were made to six units in two villages picked at random, and the status of the

units is as follows:

| Unit ID | End User | Village | Stage of completion | Remarks |
|---------|--------------|-----------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 2709 | K. Jamuna | Vepanjari | Fix Pipe and Stove | Not commissioned even though constructed in 2013-14. End user says he had sold his livestock but has recently re-acquired cattle. |
| 2712 | T. Munemma | Vepanjari | Commissioned | Not being used. End user says there is a crack in the dome which requires re-plastering. |
| 2690 | N. Vasantha | Sarvireddypalli | Commissioned | Not being used. Connection removed. CROSS says there is a long-standing dispute with villagers who are demanding thicker pipes free of cost. |
| 2691 | N. Sulochana | Sarvireddypalli | Commissioned | Not being used. Connection removed. CROSS says there is a long-standing dispute with villagers who are demanding thicker pipes free of cost. |
| 2692 | N. Bhusana | Sarvireddypalli | Commissioned | Not being used. Connection removed. CROSS says there is a long-standing dispute with villagers who are demanding thicker pipes free of cost. |
| 2698 | B. Ramadevi | Sarvireddypalli | Commissioned | Functional, and being used. |

As can be seen from the above table, five out of six units we visited were either non-functional, or not being used for other reasons. In our opinion, there appeared to be a general reluctance/indifference on the part of the end users in using the bio-gas units constructed for them. This is a worrying sign, and it is imperative that steps be taken to identify the causes for the disaffection and to resolve them.

It was also noted that no entries have been made in the breakdown and repairs logs in the software module even where the units we visited were not being used.

Place: Bangalore
Date: 16th June 2017



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