

**C PDCL**

छत्तीसगढ़ स्टेट पॉवर डिस्ट्रीब्यूशन कंपनी लिमिटेड

**DIRECTOR'S REPORT**

**2020-2021**



# CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

(A Government of Chhattisgarh undertaking)

Regd. Office:-VidyutSewaBhawan, Dangania, Raipur- 492013

CIN: L40108CT2003SGC015822, Email ID: [mddiscom@cspc.co.in](mailto:mddiscom@cspc.co.in)

Website: [www.cspdcl.co.in](http://www.cspdcl.co.in), Phone No.: 0771- 2574200, Fax No.: 0771- 4066566

## BOARD'S REPORT

To,  
The Members of  
M/s Chhattisgarh State Power Distribution CompanyLtd.  
Raipur (C.G.)

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2021.

### 1) CONSTITUTION OF THE COMPANY:

Your Company was incorporated on 19<sup>th</sup> May, 2003 as a Public Limited Company vide Certificate of Incorporation No. U40108CT2003PLC15822 issued by the Registrar of Companies, M.P. & C.G. In pursuance to Chhattisgarh State Electricity Board Transfer Scheme Rules, 2010, the entire shareholding of the Company is held by M/s Chhattisgarh State Power Holding Company Limited. Accordingly, your Company is a Wholly Owned Subsidiary (WOS) Company of M/s Chhattisgarh State Power Holding Company Limited (CSPHCL). Further, as per the above Transfer Scheme Rules, the entire shareholding of M/s Chhattisgarh State Power Holding Company Limited is held by the Government of Chhattisgarh. Accordingly, your Company is a Government Company as defined under section 2 (45) of the Companies Act, 2013.

### 2) CAPITAL STRUCTURE:

The authorized share capital of the Company stood at Rs. 3,300 Crore divided into 330 Crore equity shares of Rs.10/- each as on 31<sup>st</sup> March, 2021. Further, the paid up share capital at the end of the financial year under review stood at Rs. 2263.10 Crore divided into 226.31 Crore equity shares of Rs.10/- each.

### 3) FINANCIAL RESULTS:

(Rs. in Crore)

PARTICULARS	F.Y 2020-21	F.Y. 2019-20
Revenue from Operations	15998.58	15318.99
Other Income	275.75	362.08
Profit/(Loss) before depreciation, exceptional & extraordinary items & taxation	(443.77)	(762.91)
Less: Depreciation & Amortization Expenses	436.21	383.68
Profit / (Loss) before exceptional &	(879.99)	(1146.59)

extraordinary items & taxation		
Add : Exceptional & Extraordinary items	460.21	173.95
Profit / (Loss) before tax	(419.77)	(972.64)
Less: Tax expenses	0.00	0.00
<b>Profit/(Loss) after taxation</b>	<b>(419.77)</b>	<b>(972.64)</b>
<b>Other Comprehensive Income</b>	<b>(468.67)</b>	<b>(619.87)</b>
<b>Total Comprehensive Income</b>	<b>(888.44)</b>	<b>(1592.50)</b>

**4) REVIEW OF PERFORMANCE:**

During the financial year 2020-21, the Company has earned Revenue from Operations amounting to Rs. 15998.58 crore as compared to Rs. 15318.99 crore during the previous financial year. The company is a Public Utility and is functioning under the regulatory regime. The tariff is determined by the CSERC taking into consideration various factors. The net loss of the Company as accounts prepared as per IND AS was Rs. 888.44 crore after adjustment of Other Comprehensive Income during the financial year under review as compared to net loss of Rs. 1592.50 crore during the previous financial year.

**5) CHANGE IN THE NATURE OF THE BUSINESS OF THE COMPANY:**

During the financial year under review, there was no change in the nature of the business of the Company.

**6) OPERATIONAL PERFORMANCE:**

During the period from 01.04.2020 to 31.03.2021, 5,957 KM Sub-transmission Lines and 7,951 KM Low Tension (Distribution) Lines were constructed. Including the above, the total length of Sub-transmission Lines and Low Tension (Distribution) Lines stood at 1,45,726 KM and 2,07,061 KM respectively at the end of the financial year. During the period under review, 07 Nos. New 33/11 KV S/s 08 No. Addl Power X-Mer, 24No. Aug of Power X-mer, 11,140Nos. New 11/0.4 KV Distribution Transformers and 513 No. Augmentation of 11/0.4 KV X-mer were established as a result of which, the capacity was increased by 447MVA. As on 31.03.2021, there were 1,321Nos. 33/11 KV and 1,91,831 Nos. 11/0.4 KV Sub-stations with total capacity of 19,810 MVA.

The details of work done during the period under review for up-gradation of Sub-transmission and Distribution System are as under:

S. No.	Particulars	Unit	F.Y. 2020-21
1.	33 KV Lines	KM	407
2.	11 KV Lines	KM	5,550

3.	Low Tension Lines (400-230 Volts)	KM	7,951
4.	33/11 KV Sub-stations installed	Nos.	07
	Capacity	MVA	24
5.	Installation of Additional Transformer in existing 33/11 KV Sub-station	Nos.	8
	Capacity	MVA	25
6.	Increase in capacity of Transformer of existing 33/11 KV Sub-stations	Nos.	24
	Capacity	MVA	43
7.	11/0.4 KV Sub-station installed	Nos.	11,140
	Capacity	MVA	334
8.	Increase in capacity of 11/0.4 KV Transformers	Nos.	513
	Capacity	MVA	21

◆ **Normal Development Work:**

During the period under review, the Company has done the following work under Normal Development (Obligatory) Projects for Sub-transmission and Distribution system:

S. No.	Particulars	Unit	Achievement
1.	33 KV Lines Construction	KM	34
2.	11 KV Lines Construction	KM	219
3.	Distribution Lines for Services (For New Connections)	KM	261
4.	New Distribution Transformers	Nos.	425
5.	Increase in Capacity of Distribution Transformers	Nos.	17
	Capacity	MVA	1.02
6.	Connection provided:		
	Single Phase	Nos.	97,715
	Three Phase	Nos.	22,381
	High Tension Connection	Nos.	159

◆ **Electrification of Irrigation Pumps**

During the period from 01.04.2020 to 31.03.2021, the line extension work has been completed for 10,367 pumps and 4,58,646 pumps have been energized up to 31.03.2021.

◆ **B.P.L Connection**

As per the direction of State Government, the B.P.L. Connection is made available to people who are below poverty line. During the period from 01.04.2020 to 31.03.2021, total 2,277 connections have been provided to the above category families. As a result, there are 17,97,786 B.P.L. Connections to the above category families as on 31.03.2021

7) **FUTURE PROSPECTS & PLANS:**

**HVDS scheme:-** The High Voltage Distribution System scheme, as the name suggests, has the great scope of T&D loss reduction by covering the existing LT network into HT network. Efforts are being made to increase HT/LT ratio in terms of both line length & consumption accompanied by the respective network. The funds for this scheme are being made available through Company's own sources and financing from Rural Electrification Corporation Limited (REC). REC has sanctioned HVDS scheme for feeders separation in Saraipali, Aklatara, Kawardha, Mahasamund & Sakti Division. In Saraipali division, out of 58 feeders, 58 no. feeders have been completed. Under Akaltara, Division 29 no. feeders are to be converted into HVDS system and work of all 29 feeders has been completed, under (O&M) Dn, Kawardha, out of 77 no feeders, work in 42 no feeders has been completed and under (O&M) Dn Mahasamund, out of 95 no feeder, work in 80 feeder has been completed.

**R-APDRP Part B:-** To reduce line losses in 21 towns (for which 19 DPR Sanction) having population more than 30000 as scheme worth Rs 710.24 Crs has been sanctioned for new 33/11 KV for line extension work, cable laying work, new Distribution Transformers, shifting of meters outside consumer premises etc. Work of 21 town got completed.

**IPDS:-** Ministry of Power, GoI vide its office memorandum No. 26/1/2014 R-APDRP Dtd 03.12.2014 has launched Integrated Power Development Scheme (IPDS) in India. The Scheme covers strengthening of Sub-transmission and distribution network in urban areas. Total 182 towns of 15 circles of Chhattisgarh are covered under the scheme with total approved cost of Rs. 514.52 Crs. The Main works involved are:-

S.N.	Particulars	Unit	Provision	Completed
1	33/11 KV Substation	No	32	32
2	33 KV line	KM	270	218
3	11 KV line	KM	672	646
4	LT line	KM	147	49

5	Replacement LT line AB Cable	KM	2996	2550
6	Distribution Transformer	Nos.	1516	1427

**STN Scheme:-** Energy Conservation has also been achieved through strengthening of Sub-transmission line under the STN scheme for which the provision of Rs. 113 Crore has been made by CSERC for the year 2019-20 and expenditure of Rs. 108.65 Crore has been incurred including spill over work during the reporting year 2020-21. The main work involved are:-

S.N.	Particulars	Unit	Completed
1	33/11 KV Substation	No	195
2	Additional Power Xmer	No	121
3	Augmentation of Power Xmer	No	133

**DDUGJY:-** MoP; GoI vide office memorandum No. - 44/44/2014-RE dated 03.12.14 has conveyed regarding launch of Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) for rural areas with following components: -

- Separation of agriculture and non-agriculture feeders facilitating judicial rostering of supply to agricultural and non-agricultural consumers in RURAL AREAS.
- Strengthening and augmentation of sub-transmission and distribution infrastructure in RURAL AREAS including metering of distribution transformers / feeders / consumers.
- Rural electrification.
- The revised DPR cost has as Rs 1247.57 Crore. Award for electrification of all 27 districts have been placed on various contractors. The works in 27 districts have been completed.
- The Main works involved are:-

S.N.	Particulars	Unit	Provision	Completed
1	33/11 KV Substation	No	80	80
2	33 KV line	KM	807	749
3	11 KV line	KM	9249	8414
4	LT line	KM	9047	8389
5	Distribution Transformer	Nos.	12155	10153

#### REVAMPED DISTRIBUTION SECTOR SCHEME

1. MoP :GoI vide there Office Memorandum No. 10/03/2021-UR&SI-II (E-258311) dated 20 July 2021, has launched the Revamped Distribution Sector Scheme. Monitoring Committee of Revamped Distribution Sector Scheme in its first meeting held on dated 23.07.2021 has approved the operational guidelines for RDSS. The main objectives of the scheme are to -

- a. Improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient Distribution Sector.
- b. Reduce the AT&C losses to Pan-India levels of 12-15 % by 2024-25.
- c. Reduce ACS-ARR gap to zero by 2024-25.

2. The Scheme has the following parts-

**PART-A**

- Smart Metering
- Distribution Infrastructure Works (Line Loss Reduction & Modernization Works)
- Project Management.

**PART-B**

- Training, Capacity Building and other Enabling & Supporting Activities.

3. Tendering process for Distribution Infra Works in 31 Packages & Smart Metering in 03 Packages for entire Chhattisgarh State has been completed . Notification of Award for 24 Packages under Distribution Infra Works has been issued and rest of the packages are under consideration Techno-Commercial Evaluation of Smart Metering Works is under process.

**8) IMPROVEMENT INITIATIVES:**

Various initiatives have been taken by the Company to upgrade the system, to improve the billing and collection efficiency and to provide better services to the consumers. Few points in brief are as under:-

- To improve the billing efficiency and better performance of reading and to avoid manual intervention, Photo Spot Billing has been implemented in all over C.G. Covering around 59 lac consumers.
- Automatic meter reading system has been implemented in all 3180 HT connections, 9002 LT connections having connected load above 50HP and 14288 LT connections having connected load between 15HP to 50HP for precise reading and accounting of Energy consumed by major consumers approximately covering 70% of the total Revenue of the company.
- CSPDCL has completed 100% feeder metering to monitor the losses at all voltages level and for proper energy accounting at all 739 Nos 33 KV feeder and 4940 Nos 11 KV feeder. In addition this 3642 Nos AMR has been install at all 11 KV feeders in urban as

well as rural area. 74757 No. DTs have been metered for DT wise monitoring of T&D losses.

- The process of replacement of Stopped/Defective meters have been implemented in a regular manner. 329620 No. of Stopped/Defective meters have been replaced in the year 2020-21.
- Different modes of digital payment have been provided as Net Banking, Debit Card, Credit Card, RTGS, NEFT, UPI, Wallets, Pay-points centres and common service centres. 142 Nos. of ATP machines have been installed at different location in the State where the consumer can pay the bill from 8:00 AM to 8:00 PM round the week in addition to the manual counters, towards improvement of collection efficiency & consumer services.
- 21 No. special courts are functioning under section 153 of Electricity Act., 2003 at District Head Quarters for speedy trial of offences referred in section 135 to 140 & section 150 of Act, 2003.
- Consumer grievance redressal forum has been setup in Raipur, Bilaspur & Jagdalpur at Regional Head Quarters. Raipur forum arranges weekly camps at Durg&Rajnandgaon. Similarly, Bilaspur forum arranges fortnightly camps at Raigarh & Ambikapur towards quick disposal of consumer grievances by providing close approach to consumers.
- A service of Automated Central Call Centre with group of Call Centres in 22 towns has been created to facilitate 24x7 registration of technical and commercial complaints and for resolution in minimum time.
- Continuous improvement in operational efficiency has been achieved through adding further functionalities in various modules of SAP EFP : Materials Management, Financial Accounting and Controlling, Human Resource Management, Billing (IS-U), Customer Relationship Management (CRM), Suppliers Relationship Management (e-Bidding) and Maintenance Management System. This has resulted in even better consumers services, procurement & inventory management, financial progress monitoring and in providing module specific information at various levels (Distribution Centre, Zone/Sub Division, Division, circle, Region & Head Office)
- Further improvements in the customer services through the Centralised Call Center have been achieved for the electricity consumers of entire state. Consumers can register any type of complaint at this center related to supply of electricity, Billing etc.



And can query about any CSPDCL service or can enquire about the status of their complaints.

- CSPDCL Website “www. cspdcl.co.in” has been enriched further with additional Online Consumer Web Self Service & Online New Service Connection (NSC). The other customer care services like Online Bill payment, 24 months Billing information, 24 months payment information, Online Complaint Registration, Online Application for load change, Name change, Tariff change are continued as earlier.
- CSPDCL has further increased the number of Bill payment Kiosk ATP Machines from 125 to 142 no.s for convenience of consumers. The other payment services to its electricity consumers like Online Bill Payment through Net Banking, Credit Card, Debit Card, BHIM UPI, Bharat Bill payment System, pay point Centres, Common Service center are continued as earlier.

Operational efficiency has been enhanced in meter Data Acquisition System (MDAS), implemented in 22 major towns of the state under R-APDRP Scheme.

- To improve the billing efficiency and better performance of reading and to avoid manual intervention, Spot Billing and further Photo Spot Billing has been implemented. Photo Spot Billing has been implemented for 21.34 lacs consumers for domestic and non-domestic consumers.
- Different modes of digital payment have been provided as Net Banking, Debit Card, Credit Card, RTGS, NEFT, UPI, Wallets, Pay-points centres and common service centres. 142 Nos. of ATP machines have been installed at different location in the State where the consumer can pay the bill from 8:00 AM to 8:00 PM round the week in addition to the manual counters, towards improvement of collection efficiency & consumer services.
- Centralised Call Center facility with IVRS and Tollfree No. 1912 has been available to all electricity consumers of CSPDCL for registration of technical and commercial complaints 24x7. All the CSPDCL offices and Fuse of Call Centers have been linked with the Centralised Call Center for resolution of registered technical and commercial complaints in minimum time.
- Mor Bijlee Android Mobile App has been launched for electricity consumers. View and Pay Bill, Billing Information, Payment Information and many other useful informations has been provided to the consumers in this app.
- CSPDCL Website "www. cspdcl.co in" has been enriched further with additional Ease of Doing Business Portal.

- Continuous improvement in operational efficiency has been achieved through adding further functionalities in various modules of SAP ERP: Materials Management, Financial Accounting and Controlling, Human Resource Management, Billing (IS-U), Customer Relationship Management (CRM), Suppliers Relationship Management (E-Bidding) and Maintenance Management System. This has resulted in even better consumers services, procurement & inventory management, financial progress monitoring and in providing module specific information at various levels (Distribution Centre, Zone/Sub Division, Division, circle, Region & Head Office).
- CSPDCL has further increased the number of Bill payment Kiosk ATP Machines from 125 to 142 for convenience of consumers. The other payment services to its electricity consumers like Online Bill Payment through Net Banking, Credit Card, Debit Card, BHIM UPI, Bharat Bill payment System, pay point Centres, Common Service center are continued as earlier.

➤ **Integrated Power Development Scheme-Information Technology**

The Government of India had sanctioned Rs. 77.71 Crore for the expansion of the Information Technology Monitoring System in the cities of the state of Chhattisgarh with a population of more than five thousand under Integrated Power Development Scheme in Information Technology Enablement Phase-II. The project has been physically completed on the scheduled date of December 2021.

The total actual cost of the scheme is Rs.75.99 crores have come, whose completion report has been submitted to the project nodal agency M/s Power Finance Corporation of the Government of India.

Under IPDS IT Phase-II scheme following upgradation works has been done.

- I. Information Technology Infrastructure -which involved Hardware Supplies like Computer System, Printer, UPS etc. was extended to all the 160 IPDS Towns.
- II. Meter Data Acquisition System-with scope of installation of Modems at Feeder, Cop, & DT locations of all 160 towns under IPDS IT.
  - CSPDCL has completed 100% feeder monitoring through MDAS for all 182 R-APDRP and IPDS Towns.
  - Operational efficiency has been enhanced in Meter Data Acquisition System (MDAS), Implemented in 182 towns under R-APDRP Scheme and IPDS

Scheme. A total number of 8838 new modems have been added to integrate meters of 160 IPDS towns.

- III. Geographical Information System- which involved Creation of base map of project area and its asset mapping digitization in GIS etc. works which were done in RAPDRP towns now covers 182 towns.
- IV. Data Centre and Data Recovery infrastructure was upgraded with installations of new servers.

The government of India had sanctioned costing of Rs. 14.87 Crore for ERP Upgradation under IPDS-IT scheme. The ordered cost for this project was Rs. 24.12 Crore but this project has been physically completed on the scheduled date of December 2021 with the actual cost of Rs. 14.84 Crore whose completion report has been submitted to the project nodal agency PFC of the Government of India.

The following works has been done under ERP Upgradation: -

- a).Employee Self Service (ESS)
- b).Business intelligence ware house (BW)-In Memory Computation.
- c).Upgradation of Servers for SAP.
- d).Energy Accounting in 182 IPDS/RAPDRP towns.

**9) DIVIDEND**

Keeping in view loss suffered by the Company during the financial year under review, your Directors do not recommend any dividend for the year under review.

**10) TRANSFER TO RESERVES:**

During the year under review, the Company has not transferred any amount to General Reserve.

**11) PUBLIC DEPOSIT:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further, the Company has not received any unsecured loan from directors of the Company & their relatives within the meaning of Section 73 of the Companies Act, 2013 and Clause 2(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014.

**12) DIRECTORS & KEY MANAGERIAL PERSONNEL:**

As per provisions of the Articles of Association of the Company, all the Directors hold their office at the pleasure of the Government of Chhattisgarh. Further no changes have taken

place in the constitution of the Board of Directors of the Company since the date of previous Directors' Report for the F.Y. 2019-20. Accordingly, the following persons constitute the Board of Directors of the Company as on date:

SL. NO.	NAME OF DIRECTOR	DESIGNATION
1.	Shri Ankit Anand, I.A.S.	Chairman & Nominee Director
2.	Shri Manoj Khare	Managing Director
3.	Smt. Ujjwala Baghel	Nominee Director
4.	Shri Sanjiv Kumar Katiyar	Nominee Director
5.	Shri Sanjay Kumar	Nominee Director

Further, no changes have taken place in the constitution of Key Managerial Personnels of the Company since the date of previous Directors' Report for the F.Y. 2019-20. Accordingly, the Company is having the following Key Managerial Personnel, in compliance of the provisions of Section 203 of the Companies Act, 2013: -

SL. NO.	NAME OF KEY MANAGERIAL PERSONNEL	DESIGNATION
1.	Shri Manoj Khare	Managing Director
2.	Shri Y.B. Jain	Chief Financial Officer
3.	Smt. Gunjan Dubey	Company Secretary

There was requirement of appointment of one-third of the total number of Directors as Independent Directors on the Board of Directors of the Company during the Financial Year under review in pursuance of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations (Bonds issued by CSPDCL are listed on stock exchanges). Further, there was requirement of Independent Directors on Audit Committee and Nomination & Remuneration Committee.

Being a Government of Chhattisgarh undertaking, as per the Articles of Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. Keeping in view the above, a request was made to the Govt. of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. However, the Govt. of C.G. has not yet appointed Independent Directors on the Board of Directors of the Company.

It is to mention that due to subsequent amendment in the the Companies Act and SEBI (LODR) Regulations, the provisions related to appointment of independent directors, constitution of Audit Committee and Nomination & Remuneration Committee are not applicable on your Company w.e.f. 1st April, 2021.

**13) DECLARATION BY INDEPENDENT DIRECTOR:**

Since, the Govt. of C.G. had not appointed Independent Directors on the Board of Directors of the Company, the question of obtaining of declaration from the Independent Directors does not arise during the financial year under review. Further, as stated in point no. 12 of the Board's Report, the provisions for appointment of independent directors are not applicable on your Company w.e.f. 1<sup>st</sup> April, 2021.

**14) DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under section 134 (5) of the Companies Act, 2013, your Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the Company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis; and
- (v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**15) NUMBER OF MEETINGS OF THE BOARD:**

5 (Five) Board Meetings were held during the Financial Year ended 31<sup>st</sup> March, 2021.

**16) AUDIT COMMITTEE :**

The Board of Directors of the Company in its meeting held on 30.11.2012 has constituted Audit Committee consisting of the following members as per the provisions of Section 177 of the Companies Act, 2013:

SL. NO.	MEMBER
1)	Managing Director of the Company

2)	Principal Secretary / Secretary, Energy, GoCG
3)	Principal Secretary / Secretary, Finance, GoCG

As on 31st March, 2021, the Audit Committee of the Company was comprising the following directors:

SL. NO.	NAME OF DIRECTOR	DESIGNATION
1)	Smt Alarmelmangai D., I.A.S.	Non-Executive Director
2)	Shri Ankit Anand, I.A.S.	Non-Executive Director
3)	Shri Harsh Gautam	Executive Director

There was requirement of Independent Directors in the Audit Committee as per the provisions of section 177 of the Companies Act, 2013. Since no Independent Directors were appointed by the Govt. of C.G., the Company could not comply with the above provision of the Companies Act, 2013 during the Financial Year 2020-21.

Further, as stated in point no. 12 of the Board's Report, the provision for constitution of Audit Committee is not applicable on your Company w.e.f. 1st April, 2021. Keeping in view the above provision, the Board of Directors of the Company, in its meeting held on 17<sup>th</sup> July, 2021, dismantled the Audit Committee of the Company.

#### **17) NOMINATION & REMUNERATION COMMITTEE:**

There was requirement of Independent Directors in the Nomination & Remuneration Committee as per the provisions of section 178 of the Companies Act, 2013. Since no Independent Directors were appointed by the Govt. of C.G., the Company could not comply with the above provision of the Companies Act, 2013 during the Financial Year 2020-21.

Further, as stated in point no. 12 of the Board's Report, the provision for constitution of Nomination & Remuneration Committee is not applicable on your Company w.e.f. 1st April, 2021.

#### **18) CORPORATE SOCIAL RESPONSIBILITY (CSR) :**

The Company was required to constitute a CSR Committee as per section 135 of the Companies Act, 2013 with at least one Independent Director. Since no Independent Directors were appointed by the Govt. of C.G., the Company could not comply with the above provision of the Companies Act, 2013 during the Financial Year 2020-21.

The Company was having average net loss during the immediately preceding three financial years i.e. 2019-20, 2018-19 and 2017-18. As a result, the Company was not

required to spend any amount on CSR activity during the financial year 2020-21. The Report on CSR Activities for the financial year 2020-21 in compliance with Section 135 of the Companies Act, 2013 is annexed herewith as an **Annexure-‘A’**.

Further, as per the newly inserted provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent by a company under Section 135(5) does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable w.e.f. 22.01.2021 and the functions of CSR Committee provided under the Companies Act 2013 shall be discharged by the Board of Directors of Company. Since, the Company was having average net loss during the immediately preceding three financial years. Accordingly, the Company was not required to constitute a CSR Committee as per section 135 of the Companies Act, 2013.

**19) RISK MANAGEMENT:**

The management of the Company regularly reviews the risks, challenges and threats being faced by the Company. At present, the Company has not identified any element of risk which may threaten the existence of the Company.

**20) STATUTORY AUDITOR:**

M/s Begani & Begani , Chartered Accountants, Raipur have been appointed as Statutory Auditor of the Company by the Comptroller and Auditor-General of India (CAG) for the financial year 2020-21.

**21) REPORT/COMMENTS OF THE AUDITORS /CAG:**

Observations of the Statutory Auditors along with Management’s replies thereto on the Financial Statements of the Company for the financial year 2020-21 are enclosed herewith as **Annexure – “B”**.

Further, the Comments of the Comptroller & Auditor General of India and Management’s replies thereto on the Financial Statements of the Company for the financial year 2020-21 are enclosed herewith as **Annexure – “C”**.

**22) REPORTING OF FRAUD:**

Banking fraud has been reported by the company, where an employee of the company has not deposited the cash receipts at Distribution Centre of Shivorinarayan and Kera amounting to Rs. 236.11 Lac (on various dates) in the bank account of the company and

has submitted the false Cash Remittance Advice (CRA) before the voucher accounting unit. FIR has been lodged by the company on 08/12/2021. Till the completion of inquiry, a provision has been created by the company in this regard in the books of accounts of the company during the FY 2020-21.

**23) COST AUDITORS:**

The Board of Directors of your Company, in its meeting held on 18th October 2019, has appointed M/s R.M. Bansal, Cost & Management Accountants, Bilaspur, as the Cost Auditor for audit of the Cost Accounting Records of your Company for the financial year 2020-21 in pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Amendment Rules, 2014.

Further, the Company has filed the Cost Audit Report for the Financial Year 2020-21 on 20.05.2022.

**24) MAINTENANCE OF COST RECORDS:**

Your Company is maintaining Cost Records of the product of the Company as prescribed by the Central Government under provision of Section 148(1) of the Companies Act, 2013.

**25) INTERNAL AUDITOR:**

As per the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Corporation is required to appoint Internal Auditor. The Board of Directors of the Company, in its meeting held on 12<sup>th</sup> March, 2021, has appointed the following person as Internal Auditors for the financial year 2020-21:

S.No.	Name of Internal Auditor	Region
1.	M/s APAS & Company	Raipur I & Jagdalpur
2.	M/s Ajay Sindhwani & Company	Raipur Rural & Raigarh
3.	M/s Minesh Anand & Associates	Durg & Rajnandgaon
4.	M/s Pruthi & Company	Bilaspur & Ambikapur

**26) SECRETARIAL AUDIT:**

Your Company has appointed M/s S.G. Kankani & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year 2020-21 for conducting Secretarial Audit in pursuance of the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules,



2014. The Secretarial Audit Report for the F.Y. 2020-21 furnished by M/s S.G. Kankani & Associates, Company Secretaries, Secretarial Auditor of the Company is enclosed herewith as **Annexure – “D”**.

Further, the observations of the Secretarial Auditor along with Management’s replies thereto for the financial year 2020-21 are enclosed herewith as **Annexure – “E”**.

**27) COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:**

During the year under review, the company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

**28) ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

Adequate internal financial controls were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements.

**29) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company has not made loans/investments/given guarantees/provided securities to other bodies corporate or persons covered under the provisions of section 186 of the Companies Act, 2013.

**30) SUBSIDIARIES, JOINT VENTURES & ASSOCIATE COMPANIES:**

The Company is not having any subsidiary, joint venture or associate company.

**31) TRANSACTIONS WITH RELATED PARTIES:**

The Company has not entered into any transaction falling within the preview of section 188 of the Companies Act, 2013.

**32) MATERIAL CHANGES AND COMMITMENTS:**

No material changes occurred subsequent to the close of the financial year of the Company to which the Annual Report relates.

**33) SIGNIFICANT AND MATERIAL ORDERS:**

During the year under review, no significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company.

**34) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**a) Conservation of energy**

(i)	The steps taken or impact on conservation of energy	➤ The T&D and AT&C losses are as below:													
		<table border="1"> <thead> <tr> <th>YEAR</th> <th>DISTRIBUTION LOSS</th> <th>AT&amp;C LOSS</th> </tr> </thead> <tbody> <tr> <td>2017-18</td> <td>18.08</td> <td>18.83</td> </tr> <tr> <td>2018-19</td> <td>16.06</td> <td>19.84</td> </tr> <tr> <td>2019-20</td> <td>16.91</td> <td>16.84</td> </tr> <tr> <td>2020-21</td> <td>17.31</td> <td>23.14</td> </tr> </tbody> </table>	YEAR	DISTRIBUTION LOSS	AT&C LOSS	2017-18	18.08	18.83	2018-19	16.06	19.84	2019-20	16.91	16.84	2020-21
YEAR	DISTRIBUTION LOSS	AT&C LOSS													
2017-18	18.08	18.83													
2018-19	16.06	19.84													
2019-20	16.91	16.84													
2020-21	17.31	23.14													
		➤ Laying of LT-AB cable in theft prone areas: To prevent the direct theft through hooking the program to replace the bare conductor by LT-AB cable is in progress.													
		➤ CSPDCL is now purchasing Distribution transformers of Energy Efficiency level-II for installation under DDUGJY Scheme to reduce technical losses of DT's.													
		➤ Segregation of agriculture pump feeders has been initiated to reduce the T&D losses and to regulate the supply hours and to curtail the peak load (Flatten the load curve) due to irrigation pump load.													
		➤ CSPDCL is under implementation of Smart Metering for precise reading without manual intervention under RDSS.													

		<p>➤ PAT Cycle-II has been implemented for conservation of energy in CSPDCL. The mandatory compliances has been completed and reported to BEE in due time.</p> <p>➤ <b>Vigilance and O&amp;M checking:</b> To reduce the commercial loss, CSPDCL has created special vigilance checking cell in 18 circles &amp; 01 HT checking cell to curb theft and other irregularities (Mal practice). Details of category wise checking of connection during 2020-21 are tabulated here under:-</p> <table border="1"> <tr> <td>No. of Direct theft detected during the Year</td> <td>5513</td> </tr> <tr> <td>No. of Mal practice cases observed during the Year</td> <td>16100</td> </tr> <tr> <td>Amount billed Rs. in Lacs during the Year</td> <td>5208.18</td> </tr> <tr> <td>No. of FIR lodged/Information given to police during the Year</td> <td>581</td> </tr> <tr> <td>No. of cases putup to special court during the Year</td> <td>316</td> </tr> </table>	No. of Direct theft detected during the Year	5513	No. of Mal practice cases observed during the Year	16100	Amount billed Rs. in Lacs during the Year	5208.18	No. of FIR lodged/Information given to police during the Year	581	No. of cases putup to special court during the Year	316																						
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No. of FIR lodged/Information given to police during the Year	581																																	
No. of cases putup to special court during the Year	316																																	
(i) i)	The steps taken by the company for utilizing alternate sources of energy	<p>Company has follows the RPO (Renewable Purchase Obligation) as per guideline issued by CSERC time to time. CSPDCL has purchased Renewable energy during FY 2020-21 against the target decided by CSERC which is tabulated as below:-</p> <table border="1"> <thead> <tr> <th rowspan="2">S. No.</th> <th rowspan="2">Particular</th> <th colspan="3">Obligation as per CSERC Regulation</th> <th colspan="2">Achievement</th> </tr> <tr> <th>Total consumption</th> <th>RPO target in %</th> <th>RPO target in MU</th> <th>Achievement in %</th> <th>Unit Purchased</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Solar</td> <td rowspan="2">23361.33</td> <td>6.50%</td> <td>1518.49</td> <td>2.17%</td> <td>507.45</td> </tr> <tr> <td>2.</td> <td>Non-Solar</td> <td>8.50%</td> <td>1985.71</td> <td>4.81%</td> <td>1123.59</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td></td> <td><b>15.00%</b></td> <td><b>3504.20</b></td> <td><b>6.98%</b></td> <td><b>1631.04</b></td> </tr> </tbody> </table>	S. No.	Particular	Obligation as per CSERC Regulation			Achievement		Total consumption	RPO target in %	RPO target in MU	Achievement in %	Unit Purchased	1.	Solar	23361.33	6.50%	1518.49	2.17%	507.45	2.	Non-Solar	8.50%	1985.71	4.81%	1123.59		<b>Total</b>		<b>15.00%</b>	<b>3504.20</b>	<b>6.98%</b>	<b>1631.04</b>
S. No.	Particular	Obligation as per CSERC Regulation			Achievement																													
		Total consumption	RPO target in %	RPO target in MU	Achievement in %	Unit Purchased																												
1.	Solar	23361.33	6.50%	1518.49	2.17%	507.45																												
2.	Non-Solar		8.50%	1985.71	4.81%	1123.59																												
	<b>Total</b>		<b>15.00%</b>	<b>3504.20</b>	<b>6.98%</b>	<b>1631.04</b>																												
(i) ii)	the capital investment on energy conservation equipment's	<p>Rs. 73,52,22,689/- (Procurement of energy efficient level 1- BIS certified star rated distribution transformers)</p>																																

**b) Technology absorption**

(i)	the efforts made towards technology absorption	<ul style="list-style-type: none"> <li>• Photo Spot Billing has been initiated for improvement of billing efficiency.</li> <li>• CSPDCL is under implementation of Smart Metering for precise reading without manual intervention.</li> </ul>
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Nil
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Nil
	(a) the details of technology imported	---
	(b) the year of import;	---
	(c) whether the technology been fully absorbed	---
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	---
(iv)	the expenditure incurred on Research and Development	Nil

**c) Foreign exchange earnings and Outgo: NIL**

**35) EXTRACT OF ANNUAL RETURN:**

The Annual Return of the Company for the financial year ended 31st March, 2021 is available at the website of the Company <https://cspdcl.co.in/cseb/frmInvestor.aspx?var=5>

**36) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has formed an internal complaint committee for Head Quarter offices and also issued necessary instructions to all field offices for constitution of internal complaint committees at Regional/Circle/Division/Sub-Division/Zone/DC offices. Two cases has been registered under the above act during the financial year 2020-21 under "Sexual Harassement

of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013” and are in process of disposing off.

**37) PARTICULARS OF EMPLOYEES :**

The information required pursuant to Section 197 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company & the Statement showing the names and other particulars of the employees of the company as required under Rule 5 (2 & 3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as below:

No .	Name of Officer	Designation	Gross Salary	Nature of Employment (Contractual/Permanent)	Qualification	Experience	Date of Commencement of Employment	Age	Last Employment held	Percentage of Shares Held in the company	Whether Relative of any Director /Manager
1	Kailash Narnaware	Executive Director	40,59,983	PERMANENT	B.E. (ELE.)	37	21.07.1985	63	-	0	No
2	Harsh Gautam	Managing Director	40,27,429	PERMANENT	B.E. (ELE.)	39	06.04.1983	64	-	0	No
3	THAKUR AJIT SINGH	Sr. MO	38,94,188	PERMANENT	M.S.	27	26.06.1991	65	-	0	No
4	Y B Jain	GM (F&A)	38,78,927	PERMANENT	B.E. (ELE.) LLB	36	27.01.1987	60	-	0	No
5	Dr. ASHOK PENDHAR KAR	Sr. MO	38,73,340	PERMANENT	MBBS	29	12.12.1989	66	-	0	No
6	Dr. Alka Gole	Sr. MO	38,73,210	PERMANENT	MBBS	34	21.06.1989	59	-	0	No
7	Dhanraj Sahu	Addl. CE	37,72,19	PERMANENT	B.E. (ELE.)	37	01.09.1984	63	-	0	No

			4	)							
8	Vikas kumar Gupta	Addl. CE	36,69,840	PERMANENT	B.E. (ELE.)		01.04.1980	63	-	0	No
9	RAM AWTAR PATHAK	Addl.CE	36,53,181	PERMANENT	B.E. (ELE.)	38	21.07.1984	60	-	0	No
10	SURESH KUMAR BAJPAI	S.E.	36,33,062	PERMANENT	B.E. (Civil)	36	11.05.1985	64	-	0	No

### 38) HUMAN RESOURCES:

Employees are the most precious asset of an organization and favourable environment is necessary to encourage creativity, innovation and performance excellence amongst them. Company has focused its efforts to enhance the capabilities of employees to develop competent trained and multi-disciplinary human capital in CSPDCL so as to meet the challenging assignments. Company strongly believes in achieving organizational excellence through human resource and follows "People First" approach to leverage the potential of its employees to fulfill its business plan.

### 39) INDUSTRIAL RELATIONS:

For the financial year 2020-21, Industrial relations in the CS Power Companies continued to be cordial and harmonious during the year. The matter pertaining to Industrial Relations/Trade Unions, various employees related issue and grievances, Insurances, Labour Court Cases and implementation of labour laws of all the three companies were taken up by the department. The overall industrial relations was peaceful governed by harmony and mutual trust.

### 40) SAFETY, HEALTH & ENVIRONMENT:

- Various guidelines have been issued time to time for carrying the job with safety standards. Installation/testing/commissioning works have been done by taking measures as per Indian Electricity safety rules. Necessary safety tools have been provided to every Line man /technical staff. Regular safety-drill camps have been organized at each division level. Special training programme have also been organized to safeguard the man & material.

- There are 03 Departmental OPD dispensaries to nurture their employees. In addition to departmental dispensary facility, CSPDCL has tie-up with other Govt./Private recognized & reputed state/inter-state specialty hospitals for chronic/critical medical cases and the employees get reimbursement facility for their hospitalization on the basis of referrals.
- Pleasant environment has been maintained by conducting the different games. Some of the departmental employees have played even at inter-state/National level by the motivation & continuous encouragement. Employees get the reward/honors for their splendid job by the top management at the time of national festivals.

**41) VIGILANCE MECHANISM:**

The Board of Directors of M/s Chhattisgarh State Power Holding Company Limited, the Holding Company of the Company, in its meeting held on 13th June, 2016 has approved the Vigilance Manual in compliance with the provision of section 177 of the companies Act, 2013 read with the companies (Meetings of Board and its Power) Rules, 2014 and also decided to implement the same in all Chhattisgarh State Power Companies including our Company.

**42) ACKNOWLEDGEMENT**

Your Directors acknowledge with gratitude the support received from Central Government, Govt. of Chhattisgarh, Chhattisgarh State Electricity Regulatory Commission, Chhattisgarh State Power Companies, bankers, various Government Authorities, employees, customers, suppliers and other business associates.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**PLACE: RAIPUR (C. G.)**

**DATE:-08.07.2023**

  
**(ANKIT ANAND)**  
**CHAIRMAN**  
**DIN: 07415193**

**ANNEXURE - 'A'**  
**ANNUAL REPORT ON CSR ACTIVITIES**

1.	Brief outline on CSR Policy of the Company	The Company was required to constitute a CSR Committee as per section 135 of the Companies Act, 2013 with at least one Independent Director. Since no Independent Directors were appointed by the Govt. of C.G., the Company could not comply with the above provision of the Companies Act, 2013 during the Financial Year 2020-21.
2.	Composition of CSR Committee	Further, as per the newly inserted provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent by a company under Section 135(5) does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable w.e.f. 22.01.2021 and the functions of CSR Committee provided under the Companies Act 2013 shall be discharged by the Board of Directors of Company. Since, the Company was having average net loss during the immediately preceding three financial years. Accordingly, the Company was not required to constitute a CSR Committee as per section 135 of the Companies Act, 2013.
3.	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.	Not Applicable
4.	Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable.	Not Applicable
5.	(a) Average net profit of the	Nil (Negative figure)



	company as per section 135(5).															
	(b) Two percent of average net profit of the company as per section 135(5)	Nil														
	(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil														
	(d) Amount required to be set off for the financial year, if any	Nil														
	(e) Total CSR obligation for the financial year (5b+5c+5d).	Nil														
6.	(a) Amount spent in CSR projects (both ongoing projects and other than ongoing projects)	Not Applicable														
	(b) Amount spent in Administrative Overheads	-														
	(c) Amount spent on Impact Assessment, if applicable	-														
	(d) Total amount spent for the Financial Year (6a+6b+6c)	Not Applicable														
	(e) CSR Amount spent or unspent for the financial year	<b>As Per Annexure "III"</b>														
	(f) Excess amount for set off, if any	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Particular</th> <th>Amount (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Two percent of average net profit of the company as per section 135(5)</td> <td rowspan="5">Nil</td> </tr> <tr> <td>(ii)</td> <td>Total amount spent for the Financial Year</td> </tr> <tr> <td>(iii)</td> <td>Excess amount spent for the financial year [(ii)-(i)]</td> </tr> <tr> <td>(iv)</td> <td>Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any</td> </tr> <tr> <td>(v)</td> <td>Amount available for set off in succeeding financial years [(iii)-(iv)]</td> </tr> </tbody> </table>	Sl. No.	Particular	Amount (in Rs.)	(i)	Two percent of average net profit of the company as per section 135(5)	Nil	(ii)	Total amount spent for the Financial Year	(iii)	Excess amount spent for the financial year [(ii)-(i)]	(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]
Sl. No.	Particular	Amount (in Rs.)														
(i)	Two percent of average net profit of the company as per section 135(5)	Nil														
(ii)	Total amount spent for the Financial Year															
(iii)	Excess amount spent for the financial year [(ii)-(i)]															
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any															
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]															

7.	Details of Unseprated CSR Amount for the preceding three financial years	As Per Annexure "IV"
8.	Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:	No
	If Yes, enter the number of Capital assets created/ acquired	-
	Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:	Not Applicable
9.	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.	Not Applicable

**ANNEXURE - "I"**  
**COMPOSITION OF CSR COMMITTEE**

Sr. No.	Name of Director	Designation/Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
Refer Point no. 18 of Board Report				

**ANNEXURE - "II"**  
**DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)			
S.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	State	Dis	Location of the project.	Project duration.	Project duration.	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs.).	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through implementing agency	Name	CSR Reg. No.
Not Applicable														

**DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of	Local area (Yes/	Location of the project.	Amount spent for the	Mode of implementation - Direct	Mode of implementation - Through

		activities in schedule VII to the Act.	No).			project (in Cr.)	(Yes/No).	implementing agency.	
				State	District.		Name	Name	CSR registration number
Not Applicable									

**DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR RELATING TO THE PRECEDING FINANCIAL YEAR(S):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed /Ongoing.
Not Applicable								

**ANNEXURE - "III"**

**CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR**

Total Amount Spent for the Financial Year. (in Cr.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Not Applicable					

**ANNEXURE - "IV"**

**DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs).	Date of transfer.		
1.	FY-1							
2.	FY-2							
3.	FY-3							
	<b>TOTAL</b>							

**ANNEXURE - "V"**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

Not Applicable

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: RAIPUR (C. G.)  
DATE:-08.07.2023

  
(ANKIT ANAND)  
CHAIRMAN  
DIN: 07415193

ANNEXURE - 'B' TO THE BOARD'S REPORT  
**MANAGEMENT REPLY**  
**TO**  
**STATUTORY AUDITORS COMMENTS THERETO**  
**ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE F.Y. 2020-21**

PARTICULAR					MANAGEMENT REPLY
<b>AUDITORS REPORT</b>					
Major comments and observations, based on our audit, which in our opinion are significant and required provisions in the financial statements in certain cases mentioned herein. The net aggregate impact of non-provision on the loss for the year and/or on the assets/liabilities and also there are cases as stated in Para below wherein the quantum of impact though material is unascertainable due to lack of Sufficient & Appropriate Audit Evidence. The distinguished reasons have been mentioned in our note below:					The auditor's comments on various sub paras have been discussed below in detail.
<b>a) Fixed Assets</b>					
<b>(i) Capitalization of Asset</b>					
As per our observation and explanation provided by the respective official, assets of the company are being capitalized from the date they are being posted instead of actual date of capitalization as mentioned in capitalization certificate of respective asset, which is not in accordance with IND AS- 16 "Property plant and equipment". As a result of which, record of assets capitalized during the year and depreciation thereon is not presented correctly in the books of accounts.					The same has been noted and necessary instruction has been issued to field office regarding posting of assets in SAP on the date mentioned in the capitalization certificate of respective assets.
The Capital WIP of Rs.3,28,449.57/-Lakhs as on 31st March, 2021 include Various head of Capital WIP which hasnot been capitalized since very long period and needs to be impaired in our opinion. Management should recognize those additions and account for the impairment losses, if any. However, we are unable to obtain sufficient and appropriate information regarding the same to determine impairment loss as required by Ind AS 36. Further we would like to mention some instances of Capital WIP which is pending for capitalization from long time:					These are old estimates many of them pertaining to prior SAP era, process of identifying the same and capitalizing the same being carried by the concern RAO's. However, the process is time taking and due to non-availability of required information so the process is
G.L CODE	NAME	R.A.O	AMOUNT	LAST DATE OF	



			-	
A07626	CWIP Other Buildings	33,37	10,32,854.15	Mar-14
A07655	CWIP Mat Hand Equip	45,51,93	24,39,391.9	Mar-14

During the course of audit it was found that under the below mentioned heads excess capitalization amounting Rs.30883.74 lakhs has been done which resulted in credit balances under the head capital WIP:

SAP CODE	NAME	R.A.O	EXCESS CAPITALISED
A076530	CWIP Pl Xmers>100Kv	33,93	53,98,76,004.88/-
A076540	CWIP SS Xmer>100 Kv	33,51	93,09,72,150.26/-
A076230	CWIP-Bldg Trans	37,93	39,53,58,601.43/-
A076570	CWIP MtrTst Tools	93	31,79,53,065.02/-
A076250	CWIP Office Building	93	18,97,97,580.02/-
A076631	CWIP- Metering Equip	93	17,76,66,456.18/-
A076311	CWIP Well,Wall,Cana	45,54	14,49,70,462.04/-
A076260	CWIP Other Buildings	53,54,93	7,31,57,091.61/-
A076310	CWIP-Kucha Pucca Rd	93	5,76,24,160.80/-
A076240	CWIP-BldgDist	93	3,56,30,849.66/-
A076620	CWIP Undg Cables	53,93	3,19,07,809.10/-
A076510	CWIP Instr& Control	93	3,04,79,099.46/-
A076542	CWIP-33/11 KV Substa	93	2,69,36,739.31/-
A076564	CWIP AC Plant	45,93	2,46,53,409.69/-
A076630	CWIP Internal	33	



	Wiring		1,82,91,434.86/-
A076560	CWIP Switchgears	93	1,46,26,135.36/-
A076541	CWIP-Distribution tr	93	1,38,99,652.97/-
A076520	CWIP Boil Pl & Equip	31,93	1,36,59,886.82/-
A076619	CWIP_LT OH Line thro	93	1,27,46,344.66/-
A076525	CWIP Loco & Wagons	93	77,65,266.96/-
A076616	CWIP-11 KV OH Line t	93	76,42,168.29/-
A076562	CWIP Comm Equip	33,93	66,25,035.28/-
A076618	CWIP-LT OH Line thro	93	45,65,957.20/-
A076614	CWIP-33 kv OH Line t	93	44,39,949.00/-
A076150	CWIP-Building Other	51,93	28,47,506.99/-
A076550	CWIP Mat Hand Equip	37	25,52,946.07/-
A076566	CWIP Stati Mac Tools	93	13,23,843.32/-
A076622	CWIP-33 KV UG Line t	93	1,86,275.52/-
A076201	CWIP BldgTher Plant	93	1,20,013.07/-
A076220	CWIP BldgHy Plant	33,93	97,746.32/-

The auditor's comments represent the factual position; the company had formed a committee to assess the impairment loss incurred if any. Further the committee is in the process of collecting information from various field offices. Report from committee on impairment of Assets if any is awaited.

The committee has tried to gather information from the field offices during the years, but the required information could not be gather despite of various reminder.

Further, interest amounting Rs.10,91,18,199.97/- has been capitalized during the year, as per the document produced before us we found that interest relating to only those assets has been capitalized which are being show under the head work in progress at the end of the financial year. No amount of interest has been transferred to the respective assets which have been capitalized during the year from the head of capital WIP. This has resulted in understatement of capital work in progress and overstatement of expenses to that extent.

<p><b>Impairment of Assets</b></p> <p>The Company has stated in Para of 'Significant Accounting Policies' (Note 2.9.2 to Financial Statements) that the impairment loss is charged to Statement of Profit and loss in the year in which an asset is identified as impaired as per Ind AS 36. The company has formed a committee to assess the impairment loss incurred if any, the committee is in the process of collecting information from the various field offices, for which various asset wise formats have been circulated to the field office for providing information. However, in the absence of techno economic assessment, we are unable to comment on the effect of the same on the Financial Statements of the Company</p>	
<p><b>b).Current Assets</b></p>	
<p><b>(i). Cash System of Accounting for Surcharge</b></p> <p>Company has adopted Cash System of accounting for delay payment surcharge from Indian Railways, Rental from Staff Quarters, Liquidated Damages and Warranty Claims, which, in our opinion, is not in accordance with the accrual concept; the same should be recognized to curb the uncertainty.</p>	<p>The company has been consistently accounting for delay payment of surcharge from Indian Railways on cash system basis, as the amount of surcharge to be collected from Indian Railway is under dispute and the chances of collection is remote therefore the same is being accounted for on cash basis. Further accounting for surcharge on mercantile basis would inflate the profit or reduce the losses, whereas the chance of getting it materializing is very remote. It is also be mention here that appropriate disclosure in accounting policies is being made in this regard.</p>
<p><b>(ii). Trade Receivables</b></p> <p>❖ As per explanations provided to us by the management "CSPDCL HT for Rectification" (BP No. - 1024240) is a dummy customer</p>	<p>The data regarding income are migrated from Billing</p>

account created for Rectification entries only which should be reconciled and no closing balance should remain in this account, but credit balance amounting to Rs.434.21/- crores is still pending for clearance since 31.03.2017.

Module to Fico module and no entry relating to income which are to be routed through the billing module could be made directly in the Fico module. Therefore, when the reversal of surcharge for Railway consumer was required to be made in the fico module, a dummy B.P. was created by EITC as a solution in which the amount of surcharge to be reversed was booked.

❖ Debtors amounting to

- During the course of audit, it was found that there were inactive accounts of HT Consumer Rs.103.43/- crores are outstanding for more than One year for which no security deposit is held with CSPDCL. Out of mentioned amount, Provision for Expected Credit Losses has been made during the year.

The company has already provided for Rs. 555.71 Crore in its financials till 31st March'2021 and does not require any additional provision. Hence no additional provision for Expected Credit Losses has been made during the year under consideration.

- Rs. 1,139.54/- crores (Rs.984.44 crores pending since more than 3 years and 155.10 crores pending since less than 3 years) are outstanding from the debtors from whom no recovery has been made (Major BP No. showing active Status). From the above outstanding debtors, company have security deposit of Rs.23.5 Crores on which the company is giving interest to the active customers which leads to revenue leakage as the customers were not paying their outstanding liability but the company is allowing interest on their deposit and also the company has not made any provision for doubtful debts, due to which the balances of trade receivable is over stated to such extent.

The payment of interest on Security Deposit of consumer has been credited to the consumer account as per CSREC regulation. The credit of interest on Security deposit has to be passed on to the consumers account irrespective of whether the consumer has paid his dues or not. Further the interest is not paid to the consumer in cash but is adjusted with the unpaid dues. Thus there

<p>➤ During the Course of Audit we found that an amount of Rs.106.39 crores under the head Dues Perm Disc Cons (GLCode A100212) which is shown under SundryDebtors as receivable since 2013. No proper explanation has been provided for the same.</p> <p>❖ Chhattisgarh State Power Distribution Company Limited has installed machines for collection of bills and other charges at various locations. As explained to us the amount collected through this machines are first Parked at GL A/c No.A100308 named “ATM.ATP.INT Clearing” and there after the same is being transferred to respective heads of accounts. At the year end the mentioned account is having debit balance (Net) of Rs. 3.11/- Crores. For which no details/reconciliation has been produced before us.</p> <p>❖ The company has received excess subsidy amounting to Rs. 11.05/- crore from state government related to state Govt. 400 unit which has been netted under the head sundry debtor instead of classifying it under the liability due to which sundry debtor is under stated and the liability is under stated to that extent. Furthermore, the company has grouped the state government 400 unit ledger (GL A/c Code A100613) having Credit Balance amounting to Rs. 470.96/- crore under the head sundry debtor instead of classifying it under the liability due to which sundry debtor is under stated and the liability is under stated.</p>	<p>is no revenue leakage as such mentioned by the Auditor in his report</p> <p>These are old migration entries and the company is in the process of reconciling the same.</p> <p>The reconciliation is under process.</p> <p>All the amount receivable from the State Government on account of free supply of electricity to Agricultural pumps, BPL consumers, subsidized electricity to Steel industries, concessional rate up to 400 unit has been shown under the head trade receivable under “Note-11; Trade Receivable” in the balance sheet. As the State Government is treated as single debtor the amount is netted off and the net amount, debit or credit i.e. receivable or payable, is</p>
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❖ Furthermore, during the course of audit it was observed that under trade receivable there were some parties which were having credit balances, instead of showing these parties under the head Current Liabilities the same has been Netted off with the Balance of trade receivable due to which the current Liability has been understated.

❖ Ind AS 109 requires expected credit losses to be measured through a loss allowance for which the company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The company recognizes lifetime expected loss for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the lifetime expected credit losses if credit risk on financial assets has increased significantly since initial recognition. However, the company has not adopted the Fair Value approach as indicated in Ind AS 109 for valuation of Trade Receivables and has not provided any fair value disclosures as required.

However, the Company has not adopted the approach as indicated in Ind AS- 109 for valuation of trade receivables.

**(ii) Bank Reconciliation Statements:**

❖ During the Course of our Audit we found that most of the Bank accounts maintained by the Company as on 31.03.2021 are not reconciled with balances at banks. There is a huge difference in Bank Balances as shown in our Books & Balances as mentioned in Bank Statements of respective Banks. No proper explanation as to why there are such differences has been provided to us by the

shown in the Balance Sheet instead for depicting under number of individual heads for sake of simplicity. There are huge list of debtors apart from State Government and depicting head wise amount against each debtor is not feasible.

The same shall be taken care in coming years.

The company has already provided for Rs. 555.71 crores on account of allowance of Credit Losses. Which accounts to about 5.47% of the total trade receivable, which is much higher than the normative percentage allowed by the Hon'ble Commission.

The company is in the process of reconciling the balances of banks of the mentioned RAO's. Further the position has improved during the financial year

management of the Company. Further to this, in Case of Reconciliations provided to us also there is a Difference in Bank Balances as mentioned in our software & Bank Balances taken while reconciling such Bank Accounts. Major Instances of difference in Banks are given below:

GL Code	Bank Name	Account Number	RAO Name	Balance as per Cashbook (SAP) (A)	Balance as per Statement	Balance as per Statement (Reconciled) (B)	Difference (A-B)
A100 401	Coll & dep # SBI	108227 06358	Raipur I	(11,34,98,778.36) /-	10,000.89/-	2,93,27,058.00/-	(14,28,25,836.3) /-
A100 403	Coll & dep # SBI	101027 85160	Bilaspur	64,48,50,905.73/-	41,747.00/-	56,55,13,573.59/-	7,93,37,332.14/-
A100 422	Coll & dep # UBI	619701 01005 0112	Bilaspur	(11,51,65,881.38) /-	74,99,418.00/-	61,99,307.03/-	(12,13,65,188.4) /-

**BANK STATEMENTS NOT PROVIDED TO US**

GL Code	Bank Name	Account Number	Balance as per Cashbook (Rs. In lakhs)	Remarks
A100 401	Coll & dep # SBI	A/C No. Not Provided to us	9,41,980/-	<b>No Details Provided</b>
A100 403	Coll & dep # UBI	A/C No. Not Provided to us	-68,33,204.07/-	
A100 426	Bank of India	A/C No. Not Provided to us	25,432.94/-	

2021-22 and except some collection banks accounts reconciliation backlogs of all RAO's has been cleared. The contention of the Auditor is also not fair to the extent that there is difference between the Bank Balance & balances as per the books of accounts., as the basic purpose of preparing of bank reconciliation statement is to reconcile the difference between the balance of bank and books of accounts.

Further there are circumstances which are beyond the control of the Company due to which there is difference between the bank and books balances for example there are many instance where cheques had been issued to the vendor but the same has not been produced by him to the bank, as a consequence there is difference between the balances of two records.

The major cause of difference between the balances of Bank in software (SAP) records and bank balances taken while preparation of reconciliation statement is due to non-reconciliation of balances at the time of uploading of

				to us for our Verifi cation
A100 435	Union Bank of India	A/C No. Not Provided to us		16,84,977/-
A100 438	ICICI Bank	16105006494		15,34,244.46/-
A100 401	Coll & dep # SBI	A/C No. Not Provided to us		-102,61,52,225/-
A100 420	S B I -(HO Disburs.)	A/C No. Not Provided to us		7431,61,74,106/-
A100 444	C.G Co-Op Bank	A/C No. Not Provided to us		-50,00,000/-
A100 471	E-TAX payment	A/C No. Not Provided to us		18,13,190.92/-

opening balances in the SAP system at the time of bifurcation of MPEB & CSEB and further bifurcation of CSEB to various Power Companies. As there was no clear cut availability RAO wise data to be uploaded in the system specially bank balances. Further the earlier accounts were prepared after taking various manual entries in excel which were passed at the time of finalization of accounts but all the entries could not be passed in the SAP system due to restrictions of the system.

**BANK RECONCILIATION STATEMENTS NOT PROVIDED TO US.**

GL CODE	G/L ACCOUNT TEXT	ACCOUNT NO.	BUSINESS AREA	BALANCE AS PER SAP
A100401	Coll & dep # SBI		H.O	9,41,980/-
A100403	Coll & dep # UBI		H.O	68,33,204.0 7/-
A100426	Bank of India		H.O	25,432/-
A100435	Union Bank of India		H.O	16,84,977/-
A100412	Disbt bank # ICICI	1610500660 7	Raipur I	1,01,256/-
A100422	PNB Collection Accou	3990021000 75284	Raipur I	- 53,79,784.4 5/-
A100438	ICICI Bank	1610500649 4	Raipur I	15,34,244.4 6/-
A100410	Disbt bank - SBI	3172943527 5	Raipur II	- 3,60,84,911.

Further it is to be mentioned that the balances carried forwarded in the books of accounts has been consistently carried forwarded from year to year and in all the previous accounts there is no difference in the closing and opening figures.

Soft Copy of all the banks in operation in H.O & CAU were provided to the Statutory

				48/-	Auditors further as mentioned above there are various bank ledger code in SAP which are appearing due to wrong entries passed by the clerical staff therefore for such bank ledger no bank statement is available because as such no bank account is maintained in these banks, these incorrect entries are being identified and necessary correction entries are being passed to eliminate these bank balances from the books of accounts.
A100435	Union Bank of India	6194010100 50417	Raipur II	99,74,982.6 8/-	
A100401	Coll & dep # SBI	3199776796 1	Raigarh	- 66,12,30,78 0.7/-	
A100435	Union Bank of India	5547010100 50409	Raigarh	1,11,44,129. 04/-	
A100401	Coll & dep # SBI	1090597466 4	Ambikapur	- 11,09,61,00 2.1/-	
A100403	Coll & dep # UBI	5546010100 50393	Ambikapur	- 40,19,381.8 /-	
A100404	Coll & depo. CGGBank	7701633913 7	Ambikapur	- 2,18,27,119. 3/-	
A100410	Disbt bank - SBI	1090597467 5	Ambikapur	15,53,25,43 8/-	
A100425	CBI (Disburse)	1321686394	Ambikapur	61,268.99/-	
A100435	Union Bank of India	5546010100 50434	Ambikapur	61,15,538.4 9/-	
A100412	Disbt bank # ICICI	6240500071 4	Rajnandgaon	-15,418/-	
A100401	Coll & dep # SBI	1045619310 2	Jagdalpur	-76,21,053/-	
A100404	Coll & depo. CGGBank	7701340034 5	Jagdalpur	- 13,35,26,65 3.8	
A100410	Disbt bank - SBI	10456193113	Jagdalpur	6,16,94,754. 17	
A100422	PNB Collection Accou	2225002101 005112 & 2225002101 004113	Jagdalpur	- 2,24,84,343 /-	
A100435	Union Bank of India	3271010102 48924	Jagdalpur	2,59,01,985 /-	
A100401	Coll & dep # SBI		CAU	- 102,61,52,2	



				25/-
A100412	Disbt bank # ICICI		CAU	-34,184/-
A100420	S B I -(HO Disburs.)		CAU	7431,61,74,1 06/-
A100438	ICICI Bank	1610500600 9	CAU	2,69,14,499 /-
A100444	C.G Co-Op Bank		CAU	- 50,00,000/-
A100448	PNB Collection CAU	3990021000 77705	CAU	12,17,900/-
A100471	E-TAX payment		Ambikapur	- 1,05,816.75/ -
A100471	E-TAX payment		Raigarh	17,46,277/-
A100471	E-TAX payment		Durg	48,973/-
A100471	E-TAX payment		Jagdalpur	32,491/-
A100471	E-TAX payment		Raipur I	4,666/-
A100471	E-TAX payment		Raipur II	67,861.89/-
A100471	E-TAX payment		Rajnandgao n	18,738.78/-

❖ As per the Bank Reconciliations provided to us, there are various "Cheques in Hand" which are debited in books but not credited in Bank for a long period of time. The same should be reversed and classified as stale cheques in books of account of the company. For instances

It would be unjustified to say that all the cheques showing as "Cheques in hand" in Bank reconciliation statement are stale cheques as many cheques/amounts are also shown in the reconciliation statement as received in bank but not shown in cash book. Thus such amounts are appearing on both side of the

**STALE CHEQUE (Cheque In Hand which are Debited in Books but not Credited in books for long time)**

GL COD E	BANK NAME	ACCOUNT NO.	AMOU NT	AREA	REMARKS
A100 435	Union Bank of	6197010100 50117	8,85,4 80/-	Bilas pur	DEBIT IN CASH BOOK BUT NOT

	India				CREDIT IN BANK SINCE 22.06.2016	reconciliation statements. i.e. received in cash book but not found in bank statement and also received in bank but not found in cash book. As these cheques were issued to various vendor but had not been encashed by them the same can be verified from the system.
A100 401	Coll & dep # SBI	1082270635 8	25,48 0/-	Raip ur I	Bank slip debited in cash book but not credited in bank pending since july 19	
A100 401	Coll & dep # SBI	1082270635 8	16,714 /-	Raip ur I	Bank slip debited in cash book but not credited in bank pending since july 19	
A100 401	Coll & dep # SBI	1082270635 8	21,539 /-	Raip ur I	Bank slip debited in cash book but not credited in bank pending since july 19	
A100 401	Coll & dep # SBI	1082270635 8	15,760 /-	Raip ur I	Bank slip debited in cash book but not credited in bank pending since sep 19	
A100 401	Coll & dep # SBI	1082270635 8	35,120 /-	Raip ur I	Bank slip debited in cash book but not credited in bank pending since nov 19	
A100 403	Coll & dep # UBI	6197010100 50112	92,31, 339.25 /-	Bilas pur	Debited In Cash Book But Credit Not in Bank Since March 2013 To Dec 2020	
A100 401	Coll & dep # SBI	1010278516 0	93,02, 55,59 0.1/-	Bilas pur	Debited In Cash Book But Credit Not in Bank Since May 2009 To Oct 2020	
A100 422	PNB Collection Accou	580021000 44864	4,29,1 1,428. 97/-	Bilas pur	Debited In Cash Book But Credit Not in Bank Since Nov 2009 To Nov 2020	

A100 404	Coll & depo. CGGBank	7701504207 9	1,21,6 5,890 /-	Bilas pur	Debited In Cash Book But Credit Not in Bank Since Dec 2015 To Dec 2020
A100 400	SBI - RGGVY	3109512897 4	6,01,5 93/-	H.O	Debited In Cash Book But Not Credit Appering In Bank Sbi RGGVY Int. Received
A100 422	PNB Collection Account	77662	6,66,9 1,564. 02/-	H.O	Oct 2016 To Oct 2019
A100 404	Coll & depo. CGGBank	7707164278 4	6,81,7 42/-	Raiga rh	Amount Debited In Sap But Not Credited In Bank Since March 2020
A100 435	Union Bank of India	5547010100 50409	9,27,8 7,528/ -	Raiga rh	Amount Debited In Sap But Not Credited In Bank Since July 2015
A100 403	Coll & dep # UBI	5547010100 50455	9,52,9 6,564/ -	Raiga rh	Amount Debited In Sap But Not Credited In Bank Since 2016

During the course of audit, it was found that Bank Charges amounting to Rs. 9,99,116/- for the year 2019-2020 and Rs. 11,65,285/- for year 2020-21 has been charged by the Chhattisgarh Rajya Gramin Bank in A/c No. 77016339137 of Ambikapur R.A.O. which is still shown in Bank reconciliation statement under the head "Debit Bank Statement but Credit not Appearing in Cash Book". The said charges is still not accounted for in Books of Accounts due to which there is an understatement of expenditure and overstatement of bank statement.

**(iv) Cash in Transit:**

The balance of cash in transit is pending since long time which should be reconciled and nullified at the end.

The Difference in Rao Jagdalpur is due to passing of rectification entry of previous year, similarly the difference in RAO Rajnandgaon is also due to passing of rectification entry

G.L Code	Particula rs	Area	Amount (Dr.)	Amount (Cr.)	Difference
A1003 05	Cash in transit	Raigarh	1,33,40,68, 747/-	1,27,63,58,9 77/-	5,77,09,77 0/-

A100305	Cash in transit	Durg	2,09,78,91,950/-	2,01,82,30,969/-	7,96,60,981/-
A100305	Cash in transit	Jagdalpur	1,34,59,67,038/-	1,35,09,02,038/-	(49,35,000)/-
A100305	Cash in transit	Raipur II	2,47,76,86,197/-	2,47,72,42,882/-	4,43,315/-
A100305	Cash in transit	Rajnandgaon	1,21,66,77,535/-	1,29,39,33,512/-	(7,72,55,977)/-
A100305	Cash in transit	Head Office	23,08,22,76,165/-	23,03,64,55,278/-	4,58,20,888/-

of past year. The company is in continuous process of identify the error occurred in the past in this accounts and rectifying the same, the difference in the current year balance is due to this process also.

Further to the above-mentioned difference for the year, there is an opening Balance of Rs. 1,030.47/-Lacs is also pending for adjustment since last years. No proper explanation as to why such Balances are still pending & not rectified has been provided to us.

**(v) Stores & Spares**

- ❖ As per Ind AS 2, the cost of inventories may not be recoverable if those inventories are damaged, or have become wholly or partially obsolete. The practice of writing inventories down below cost to net realizable value is consistent with the view that assets should not be carried in excess of amounts expected to be realized from their sale or use. However, the company had not valued the items appearing in 'Defective and Empties' Account at fair value.
- ❖ During the Course of audit, it was found that there were various GL A/c Code of impaired/shortage inventories which were shown under the head inventories instead of writing off the list of the some of the GL Code is as below:

The Valuation of the Inventories has been made lower of Cost or Net Realizable Value, based on the technical analysis, the company ascertained that the book value of defective and empties are lower than its realizable value and hence as per the accounting standards, the inventories had been valued to its book value which is lower of "Cost or NRV". From the above, the company is compliant to the IND AS issued for valuation of Inventories. Necessary adjustment shall be made after due scrutiny of the same by various store divisions

GL CODE	LEDGER NAME	AMOUNT
A100133	Scrap &UnservMatrl	2,63,05,081/-
A100132	Defective & Empties	29,73,95,334.1/-
A100127	Stores- Medical	22,82,748.33/-

**(vi) Non Accounting of Revenue Subsidy:**

The Company has raised a Claim of Rs.246.78 Cr for FY 2016-17, Rs. 274.84 Cr for FY 2017-18, Rs.449.07 Cr for FY 2018-19, Rs.400.01 Cr. for FY 2019-20. As informed and explained by the management no claim has been raised for Compensation against Free electricity to Farmers under KrishakJeevanJyoti Scheme of Government for the F.Y 20-21. The Company has till the end of financial year neither received any amount against this compensation nor has received any Confirmation regarding receipt of such amount from State Government. As explained & informed to us the said amounts will be accounted for as and when received from Government of Chhattisgarh and hence has not been provided for in the Books of Accounts of FY 2020-21.

The State Government has approved scheme as per which agriculture consumption of 6000unit per year (for pumps upto 3HP) and 7500 units per year (for pumps above 3 HP but upto 5 HP) was free for which full reimbursement was to be made by the State Government for Agriculture consumers having opted for flat rate tariff of Rs.100/HP, per month, State Government was to reimburse up to the consumption limit specified above. As the Govt. has not approved to reimburse charges against consumption in excess of limit specified in its order dated 28.11.2017, the Company has not considered energy charges in excess of the approved limit as its revenue looking to basic principles of accounting the conservative approach as per which revenue should be recognized in books only when realization of the same is reasonable certain.

The company has approached the State Govt. vide letter dated 31.05.2019 & 02.12.2019 for

**(vii) Delay Payment Surcharge**

Delay payment surcharge payable during the year has not been provided for current year. In addition thereto, no record of delay payment surcharge payable to private parties was produced before us. As per information and explanation provided to us CSPDCL is paying delay payment surcharge to private parties as claimed by them in their invoice.

**(viii) Renewable Energy Certificate (REC)**

Due to non-compliance of RPO (Renewable Power Obligations) target, the company is obliged to purchase REC Certificate. However, the company has not purchased the REC Certificate which has resulted in creation of a provision amounting to Rs.187.09/- Crores, details of which are given below:

Type of Sources	Total Consumption (LV, HV and EHV Sales) (MU)	RPO Target		RPO Achievement		Difference (In MU)	Rate (Rs./REC)	Amount (Rs. In Crores)
		In %	In MU	In %	In MU			
Solar	23361.33	6.50%	1518.49	2.17%	507.45	1011.04	1.00	101.10/-
Non Solar		8.50%	1985.71	4.82%	1125.81	859.9	1.00	89.99/-
<b>Total</b>		15%	3504.20	6.99%	1633.26	1870.94		187.09/-

**(ix) Difference in Inter Company Balances**

During the course of our verification we found that there is Differences in Inter Company balances of the Company. Details are

reimbursement of excess energy charges and on acceptance / sanction of the same by the State Govt. the same will be recognized as revenue in the year of sanction.

The company is recording the delay payment surcharge payable to the parties other than the State power companies on cash basis and is recorded and paid in the year in which the same is claim by the parties.

The company is facing financial shortage and there are also shortage of renewable power in the State. Further the company has also filed application for grant of relief from purchase of REC Certificates at various forum as it would block the working capital of the company. However, to adhere with the accounting concept of accrual & materiality provision is made in the books of accounts.

There are various reason

as under:-

Name	Balance as per our Books (SAP)	Respective Balances as per Inter -Company's Books	Difference
Chhattisgarh State Power Holding Company Limited	Dr.bal of Rs.131.13/- Lakhs	No Balance Confirmation and reconciliation of respective balance has been produced before us for verification. Hence we are unable to comment on differences if any, between Inter company balances.	No Details Provided
Chhattisgarh State Power Generation Company Limited (CSPGCL)	Cr..bal of Rs.2,56,586.49/- lakhs	No Balance Confirmation and reconciliation of respective balance has been produced before us for verification. Hence we are unable to comment on differences if any, between Inter company balances	No Details Provided
Chhattisgarh State Power Transmission Company Limited (CSPTCL)	Cr. bal of Rs.76,108.25/- lakhs	No Balance Confirmation and reconciliation of respective balance has been produced before us for verification. Hence we are unable to comment on differences if any, between Inter company balances	No Details Provided

which causes for difference in the balances existing in the books of two companies. A reconciliation statement of the same is being prepared.

Chhattisgarh State Power Trading Company Limited (CSPTTrCL)	Dr. bal of Rs.0.65/- lakhs lakhs	No Balance Confirmation and reconciliation of respective balance has been produced before us for verification. Hence we are unable to comment on differences if any, between Inter company balances	No Details Provided
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**c) Revenue**

- ❖ Sale of power through power trading company (PTC) has been booked after netting off commission payable to PTC, which results in under booking of revenue and expenses which is not in accordance with IND AS 115 “Revenue from contract with customers”. Since, commission expenses have been netted off; the company has also not deducted TDS under Sec-194H of IncomeTax Act, 1961.
- ❖ No Reconciliation of Revenue as per books & GST Returns filed have been provided to us for our verification.
- ❖ During the course of Audit, we observed that there is Difference between Revenue Earned from High tension (HT) consumers as per Billing Module of SAP & Accounting Module of SAP.

Whenever payment is made by PTC to CSPDCL, it deducts its commission and makes net payment, hence TDS could not be deducted on the commission paid as payment is received after deduction of commission by PTC. However, whenever CSPDCL is required to make payment to PTC, TDS as per Income tax is deducted on commission.

The reconciliation of revenue is in process as due to voluminous data the reconciliation process is time taking task.

The difference between the Revenue as per billing module & SAP Fico module is due to non-linking of revenue item in Fico Module

As per Billing Module	As per SAP	Difference
653429.19 Lakhs	653465.40 Lakhs	36.21 Lakhs



No detail/reconciliation has been provided between SAP FICO and Billing Module related to LT Consumer Billing and Revenue booking.

- ❖ As per MOU signed between Government of India (GOI), Government of Chhattisgarh (GOCG) and CSPDCL, GOCG shall takeover/compensate the future losses of CSPDCL in a graded manner and shall fund the losses. For the F.Y 2020-21, 50% of losses of 2019-20 has to be reimbursed by GOCG. During the year the company has changed the pattern of claim the details of which are as under:

PREVIOUS YEAR	PREVIOUS YEAR LOSSES ON WHICH CLAIM SHOULD HAVE BEEN RAISED	PREVIOUS YEAR LOSSES ON WHICH CLAIM WAS RAISED	% OF PREVIOUS YEAR LOSSES TO BE REIMBURSED DURING THE YEAR	ACTUAL ADMISSIBLE LOSS AS COMPENSATION FOR THE YEAR	AMOUNT RECEIVED DURING THE YEAR	ACTUAL DIFFERENCE RECEIVABLE/(PAYABLE) FROM STATE GOVERNMENT
2016-17	4,21,75,79,263/-	7,88,12,79,263/-	5%	21,08,78,963/-	48,95,00,000/-	(27,86,21,037)/-
2017-18	2,79,13,86,669/-	1,27,43,43,168/-	10%	27,91,38,667/-	-	27,91,38,667/-
2018-19	42,26,76,575/-	1,39,73,53,782/-	25%	10,56,69,144/-	39,65,74,805/-	(29,09,05,661)/-
2019-20	9,72,63,83,511/-	15,92,50,48,744/-	50%	4,86,31,91,756/-	1,98,97,00,000	2,87,34,91,756/-

in the report of HT R-15 prepared in the SAP system, the same has been rectified and there is no difference in the revenue of two modules now or if any marginal difference exists a reason of the same could be ascertain.

Necessary Adjustment has been made in FY 2021-22 as the same being the last year of claim, all the adjustment of past has been taken into consideration while settling the final claim .

- ❖ The company has carried out various deposit works & charged supervision charges thereon at the rate of 15% of deposit works.

Due to large number of

The company recognizes the same as income on cash basis instead of accrual basis. A clear policy has not been framed by the company regarding this matter.

estimates it is not possible to relate each and every amount of supervision charges and the stage of work up to which the same has been completed, therefore the same has been recognized in the account as and when the same is received.

- ❖ During the course of audit, it was observed that company has booked Penalty received from contractor for delayed work under the head Other Income (GL Code- I152014) amounting to Rs.2,20,24,060.45/-. The same should have been reduced from the cost of asset. This has resulted in overstatement of asset and overstatement Other income.

The company is under process to develop the method through which the said reduction in the cost of assets can be made. However, all the penalty is not in the nature which require reduction of assets.

The same has been clubbed with the "Net Income from Sale of Scrap" and charged to profit and loss. There is no overstatement of Other Income.

- ❖ During the course of audit it was observed that under G.L Code- A100315 "By-Back adjustment A" Company has booked income under Other Revenue amounting Rs. 56,15,761.61/-. The mentioned figure has been earned by the Company from the salesale proceeds of various fixed assets. No effect of the cost/w.d.v of the asset sold has been taken for calculating profit/loss on sale of such asset which has resulted in overstatement of Other Income and overstatement of Tangible Assets.

The detailed ledger was available to Auditor via SAP access.

- ❖ During the course of Audit has been found that under GL Code I152008 "Other Misc. Receipts" income of Rs.37,09,672.88/- has been booked for which no details have been provided to us for our verification.

Factual position for disclosure purpose.

**(i) Delay Payment Surcharge-**

As per Board Resolution passed by the Board of Directors of Chhattisgarh State Transmission Company Limited (CSPTCL) in a meeting dated 10<sup>th</sup> June 2021, Delay Payment Surcharge has been waived and written off amounting to Rs.209.19/- crores in the accounts of CSPTCL for the F.Y. 2020-21. Hence, this liability of Rs.209.19/-crore is no longer required, so it has been written off in FY 2020-21 and has been adjusted through other delay payment surcharges shown in Exceptional Items (Note No. 27 to Financial Statements)

**d) Identification of Micro, Small and Medium Enterprises as defined under MSMED Act, 2006.**

As informed the company has system for identification of enterprises qualifying under the definition of Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). However, the same has not been implemented successfully; hence leading to non-identification of vendor enterprises into Micro or Small or Medium Enterprises. Furthermore, No Additional Disclosure related to trade receivables, loans & trade payables as required by IND AS Schedule III has been made in the Financial Statements of the Company.

**e) Deemed Deposits under Companies Act, 2013**

As per the information provided to us, the company has not maintained age wise details (ageing schedule) of advances received from customers, thus we are unable to comment on Deemed Deposits as per Sec 73 to 76 of Companies Act, 2013.(Advanced received, if not supplied within 365 days,is considered as deemed deposits.)

**f) Internal Audit**

As per section 138 of companies Act 2013 read with Rule 13(1)(a)

The Company has made necessary disclosure in its notes to accounts in this regard.

The amount payable to Micro, Small and Medium enterprises as defined under MSMED Act,2006 has been separately mentioned in the notes to account and disclosure has been made in this regard

Deemed deposits as per section 73-76 is applicable only for sub clause (a) & (c) of clause XII of Rule 2 of Companies(Acceptance of Deposits) Rule, 201 4. The sub clause (c) does not require age wise Details of security deposit. The sub clause(a) requires age wise details of advances For more than one year. The same will be Provided to the audit next year.

1.M/s APAS & Company,2

of Companies (Accounts) Rules, 2014, every prescribed company is required to appoint an Internal auditor. Although the company has appointed an Internal Auditor, the Internal Audit Report for the Financial Year 2020-21 is not produced before us for our consideration.

M/s Ajay Sidhwani & Co., 3. M/s Minesh Anand & Associates & 4. M/s Purthi & Company have been appointed as Internal Auditor for FY 2020-21. Major portion of audit i.e. revenue audit, power purchase audit etc. has been completed and the related finding has been submitted by the internal auditors and has been shown to the statutory auditors during the course of audit, however the final summary Internal Audit report was yet to be submitted by the Internal Auditors

**g) GST**

- As per section 35(5) of Central Goods and Service Tax Act, 2017, every prescribed company is required to appoint a GST auditor for conduct of GST Audit. As informed to us the audit is still under process and GSTR-9C is not submitted. Also, the Annual Return (GSTR-9) for the same year has not been filed yet.
- During the Financial year 2020-21, company has availed input tax credit only in the month of April, May, June, August and September for which no proper records and explanation has been provided to us. As the company is engaged in the business of distribution of power which is majorly exempt in nature therefore they were not eligible to take input or if they take input then they are required to reverse the input credit in proportion to the exempt supply they had provided. No records or details of reversal of credit, if any, have been produced before us.

The reconciliation for FY 2020-21 is under process, filing of the Annual Return (GSTR-9) will be done thereafter.

ITC has been claimed on the basis of the bills passed by RAO's for which the copies of bills are available in Head Office. CSPDCL is availing ITC on the services availed from contractors for deposit work schemes for which output GST is paid by CSPDCL.

ITC claimed for the above month are given below:

MONTH	IGST	CGST	SGST
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April	0	1,70,48,00/-	17,04,800/-
May	0	36,88,807/-	36,88,807/-
June	0	23,05,379/-	23,05,379/-
August	0	47,35,472/-	47,35,472/-
September	12,80,394/-	43,69,988/-	43,69,988/-

- Further, as explained by the management the company has filed GSTR-1 and GSTR-3B and the figure reported in the earlier mentioned returns related to the exempt supply is on estimated basis of last year which has to be reported in returns on actual basis. No reconciliation has been provided to us between the actual and estimated figures.
- During the course of audit, we have identified below mentioned revenue head on which in our opinion company is liable to collect and pay GST as per CGST Act, 2017. However, the Company has either not collected or short collected or wrongly collected in a single head amount of GST that is either CGST or SGST. The list of such accounts are as below:

GL Code	Ledger Name	Amount
I152021	Sale Of Tander-E Bidding	2,39,837/-
I152006	Sale IofTander	50,862/-
I152028	Other Misc Revenue	17,28,713/-

Filing of GSTR-1 and GSTR-3B is to be done by 11th and 20th of the next month whereas the billing cycle continues for a period of 1.5 months as a result actual figures cannot be furnished at the time of GST filing. However, the same shall be reported at the time of filing of Annual Return.

For Supervision charges and line affording charges GST liability has been fully discharged in future years. Further SAP is not fully compliant with GST hence various taxable and nontaxable incomes are punched in same GL heads resulting to incorrect reflection of the taxable figures. In this regard separate GL heads are being created time to time to establish direct linking of

I152008	Other Misc Receipts	14,15,32,829 /-
I150510	Other Rental Income	2,09,699/-
I152009	Supervision Charges	2,27,95,575/ -
I152022	Supervision Charges	43,176 /-
I152020	Supervision Charges	1,00,254/-
I152013	Supervision Charges	49,12,769/-
L110707	Line Afford	44,25,487/-
L110709	Line Afford	28,00,000/-
L110708	Line Afford	10,882/-
	<b>TOTAL</b>	<b>17,88,50,08 3/-</b>

the taxable amount with GST collected and paid.

In our Opinion the Company may be liable to pay GST on all the above-mentioned accounts in future which will be a Cash Outflow from companies end and will be a Loss to the Company as the Company has either Not Collected or Short Collected the GST Amounts from the recipients. Due to Non Availability of Complete Records & Documents we are unable to quantify the amount of said GST Liability which may arise in future.

- ❖ During the course of audit, it has been observed that Company has collected GST on the following ledger which has an outstanding credit balance since 2019, however management claims that payment of outstanding amount has been made through another ledger but no reconciliation/confirmation that the below mentioned liabilities has been paid or not has been provided to us

:-

GL Code	Ledger Name	Amount
L112012	CGST on HT Meter Rent	Cr. 29,01,089.58/-
L112014	SGST on HT Meter Rent	Cr. 29,01,089.58/-
L112016	CGST on LT Meter Rent	Cr. 1,89,92,668.43 /-

GST on meter rent was collected through billing module and the same has been discharged through GL heads L112047 & L112048 and reported in monthly GSTR-3B . No liability for payment stands for FY 2020-21 as on current date.

L112018	SGST on LT Meter Rent	Cr. 1,89,92,668.43 /-
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**h) Government Grant and Consumer Contribution for Property plant and Equipment**

As per Ind AS 20, Government grants related to assets, including non-monetary grants at fair value shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognized in profit or loss on a systematic basis over the useful life of the asset. Government Grant and consumer contribution are not amortized on deferred basis in line with related asset for which grant/contribution was received till last Financial Year. During the Financial Year Company has amortized the Grant on the basis of the Rate of Depreciation of the asset for which the Grant/Consumer Contribution has been received. Company has changed the Policy of Amortization of Government Grant/Consumer Contribution related to Fixed asset but they have not given the effect of such change in policy Retrospectively, only the current year adjustment was made. List of some accounts are as below:

GL CODE	LEDGER NAME	AMOUNT
L030104	S Yojana Contribution	6,17,38,990.49/-
L110707	LT Sup. Afford. Char	162,47,03,387.2/-
L110708	LT Sup. Afford. 30	8,47,87,249.09/-
L110709	HT Sup. Afford. Char	75,88,19,236.62/-
L110710	HT Sup. Afford..5km	60,48,819.2/-
<b>TOTAL</b>		<b>2,53,60,97,682.61/-</b>

**i) Cash Flow Statement**

Cash Flow Statement is not in line with the corresponding Ind AS 7 requirements. TDS, TCS and Profit or Loss on sale of Fixed Assets is not separately recorded in preparation of Cash Flow Statement. Further, it was observed that the cash flow statement prepared does not contain the statement of change in liabilities arising out of financial activities, including both changes arising from cash flows and non-cash changes as per required by Ind AS 7.

As per Para 44A of Ind AS 7, an entity shall provide disclosures that enable users of financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from

The Government Grant and consumer contribution are amortized in accordance with the asset capitalized during the year, however due to the large number and nature of asset it is not possible to correlate and have a one to one relation between the contribution and assets developed.

The Cash Flow statement has been made in line with Ind AS 7, however if any further disclosure is required, the audit is requested to suggest the same and necessary changes may be made in the next year cash flow statement.

cash flows and non-cash changes.

Further to the extent necessary to satisfy the requirement in paragraph 44A, an entity shall disclose the following changes in liabilities arising from financing activities:

- (a) Changes from financing cash flows;
- (b) Changes arising from obtaining or losing control of subsidiaries or other businesses;
- (c) The effect of changes in foreign exchange rates;
- (d) Changes in fair values; and
- (e) Other changes.

**j) Assets held for sale**

Company has not classified the non-current assets (or disposal group) as Held for Sale as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". As informed there are non-current assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use, which qualify to be disclosed as assets held for sale.

As per Ind AS 105 - The objective of this Indian Accounting Standard (Ind AS) is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. In particular, this Ind AS requires: (a) assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale to be presented separately in the balance sheet and the results of discontinued operations to be presented separately in the statement of profit and loss.

**k) Depreciation short claimed due to delayed capitalization of Capital work in progress**

During the scrutiny of fixed asset Register, it was observed that the

The assets held by the



capitalization of Capital work in progress was done generally in month end dates. Further, some capitalization was done in the last day of the financial year i.e 31st March, 2021. On enquiry raised by us it was explained to us that delay is due to non-submission of estimates by divisions and assets are commissioned well before their capitalization in the books of accounts. The said accounting treatment has resulted in under booking of depreciation resulting in loss to the company. The amount of such short depreciation could not be quantified in view of non-availability of complete details.

company unlike any other manufacturing or trading concern cannot be distinguished from each other assets and cannot be termed as a separate block of assets which are held separately as a result of discontinued operations as the operation performed by the company is of continuous perpetual nature. The unusable assets which have to be discarded due to wear and tear or due to change in technology are immediately replaced by the some other assets as the operation of the company is still continued. Further the sale proceed of the discarded assets is realized through sale in auction and is recorded as sale of scrap. Therefore, Company has not classified the non-current assets (or disposal group) as Held for Sale separately.

**1) TDS booking**

The company has in case of vendor payment deducted TDS on actual payment basis. However, as per the Income Tax Act, payer is bound to deduct TDS on payment or credit whichever is earlier. Hence, the company in this manner deferred TDS liability, due to lack of sufficient and appropriate audit evidence; the amount of deferment cannot be quantified.

The capitalization of assets formed is a perpetual process and as evident from the assets register the capitalization of assets is done in every month however the frequency is much more in the month of March being the last month of the Financial year. It may also be due to the reason as the

As per section 194H of The Income Tax Act, 1961 TDS should be deducted on commission and brokerage. Accordingly, it mandates Tax deduction by a person (Other than individual or HUF) responsible for paying commission or brokerage to resident person @3.75% For F.Y 2020-21 when the amount exceeds Rs. 15,000 in a

year. However, CSPDCL has not deducted and deposited TDS on commission paid on sale of scrap to MSTC. Commission paid to MSTC amounting Rs.18,02,262/- on which TDS amounting Rs. 67,584.83/- should have been deducted and deposited to the Credit of Central Government.

**m) Pertaining to previous years-**

Banking fraud has been reported to the company, where an officer of the company has not deposited the cash receipts at Distribution Centre amounting to 236.11/- Lac of ShivorinarayanKera (on various dates) in the bank account of the company rather submitted the false Cash Remittance Advice (CRA) before the office. Necessary steps have been taken by the company with regard to such fraud. Till the inquiry is complete, a provision has been created by the company in this regard in the books of accounts of the company.

**n) Compliances of Previous Audit Report -**

Compliance of previous audit report have not been produced before us for our verification and observation.

financial year period is closed after 31st March and the process of documentation takes time the capitalization process in the system is run after end of the financial year and due to procedural aspect the same is capitalized in the last day of the financial year.

For control purpose the program in the SAP is develop in such a way that direct credit cannot be posted in the vendor instead it is first parked in the general ledger account by the department where the bill is submitted and later on when the bill is passed the amount is transferred to the vendor account from the general ledger and at this instance TDS is deducted. As the Income tax Act TDS is to be deducted at the time of credit or payment whichever is earlier, according TDS is deducted at the time the credit is given to the vendor.

Regarding Deduction of TDS on Commission paid to MSTC, S&P being the concern department has been intimated to take necessary steps for deduction of TDS on commission paid.

Necessary disclosure has been made in the notes to accounts in this regard and provision has also been made for loss that may occur to the company due to the fraud & embezzlement, further necessary action has been taken at respective Divisions & RAO level against such incidence by launching FIR's, dismissing & instating internal enquiries, so that such incidence may be avoided in future.

All the relevant material information required for the audit has been provided for verification.

**o) GBI (Generation Based Incentive) Claim:**

GBI claim is a subsidy received by the company from the government against purchase of Solar power from two different parties. The applicable SERC Tariff Rate is Rs.17.91 kWh, out of which Rs.10.17 kWh is reimbursed by the government, whereas the company is claiming the same at Rs.12.25kWh. The company has followed Cash System of accounting instead of Mercantile Basis for recording of this claim.

**p) Transmission Charges:**

Monthly Transmission Charges of Rs.78.51 Cr. is payable by LTOA & MTOA customers to CSPTCL. CSPDCL is a LTOA customer and the monthly transmission charges paid to the CSPTCL is distributed between the LTOA and MTOA consumers in proportion to the allotted capacity, after netting off the transmission charges received from

The matter of difference in GBI rate is subjudiced and is pending for hearing at APTEL. Till the matter is adjudicated the GBI claim is entered in the books on the basis of actual amount received.

CSPDCL has made provision in its accounts for due amount of MTOA & LTOA on accrual basis and adjustment

STOA consumers. However, the amount paid by STOA consumers to CSPTCL is on cash basis rather than accrual basis.

**q) Prior Period Item**

IND AS- 8 prescribes for selecting and modifying accounting policies, with accounting treatment and changes in accounting policies, changes in accounting estimates and corrections of error. As per IND AS-8 If any mistake is discovered in current year in relation financial statements of prior period/periods, then these mistakes are known as Prior period errors. These errors are in the form of omissions, commission, misinterpretation of facts and misstatements in the entity's financial statements for one or more prior period. An entity shall rectify errors retrospectively unless impracticable, after the finding of such errors in the financial statements of that Financial Year to which error pertains. It also prescribes disclosure requirements in the case of changes in accounting policy, estimates and prior period errors.

During the course of Audit, it was found that Power purchase related to Financial Year 2019-20 was recorded in the current Financial Year. Some of the instances were listed below

Bill Date	Party Name	Document No.	Amount
20.03.2020	RR ENERGY LTD	5000896988	Rs. 87,48,270/-
01.01.2019	M.P. Power Management Co.	5000841151	Rs. 95,63,400/-
12.06.2019	M/s.SUDHA BIO POWER PVT LTD	5100337294	Rs. 3,70,529/-

**r) Suspense Accounts**

There are three suspense accounts maintained by the Company for which no explanation has been provided by the management. The effect of all three accounts has been reflected in Financial Statement under the head "Other Current Liabilities".

Details of which are as follows:

of STOA is made by CSPTCL as and when received. Further, the treatment of STOA by CSPTCL cannot be the basis of accounting of CSPDCL.

As IND AS does not has the concept of prior period items, rather it says to rectify the error& omission with retrospective effect i.e. in the year to which the particular error or omission pertains.

However IND AS -8 also provide that whereit is impracticable toapply a change in an accounting policy retrospectively or tomake a retrospective restatement to correct an error Prospective impact could be provided. Therefore, taking in to consideration the amount involve and complications of revising the previous year audited figures, the adjustment of prior period items were made during the current financial year.

It had been explained to the audit during the course of finalization that there were many untraceable/ identifiable items which was

G.L CODE	NAME OF ACCOUNT	AMOUNT
L114030	Suspense Loading H.T	59,48,946/-
L119999	Suspense Account	1,24,82,749/-
L119997	Imprest Suspense Account	4,17,841/-

All the above mentioned accounts need to be Reconciled and the resultant impact should be given in the concerned account heads.

**s) Other Payable and Trade payable**

During the course of audit, it was found that GL A/c Code A100370 "Service tax super" amounting to Rs.24,37,779/- is shown under the other payable in financial statement and GL A/c Code L115053 "GR/IR Clearing account" amounting to Rs.2,74,95,48,777.28/- is shown under the Trade Payable in financial statement which is outstanding since long period of time for which no detail has been provided to us.

**t) Other non Current Assets**

During the course of audit, it was found that GL A/c Code A102302 "Commercial Tax Receivable" Debit Balance amounting to Rs.37,41,07,083/- is shown under the Other non Current Assets in financial statement which is outstanding since long period of time for which no details has been provided to us.

- ❖ Furthermore, company has Fixed Deposit under the GL Code-A090108 "Inv. In FD Bank -Co" under Other Current Assets amounting Rs.8,21,046/- of which no document has been produced before us. Therefore, we are unable to comment thereon.

**U) Upload Control A/C**

During the course of audit, it was observed that various upload control account were found which has to be reconciled and nullified but the same has been not done and there is huge balances is still outstanding from long time detail of the some account are as

passed on by the previous legacy system at the time of bifurcation of CSEB & MPEB and later at the time to bifurcate of CSEB into different Power Companies, which is shown under the various suspense head in the current SAP system. The appropriate accounting treatment will be made in coming years after due scrutiny.

The company is under process of reconciling the same.

The ledger name indicates about the commercial tax, however, the same is being used for Advance Income Tax since inception. The fact has been communicated to the auditor as well.

The old FDR related with CSEB period of no certificate is available to the company.

The Amount shown in Codes A109000 & A109099 has been transferred in the

below.

G.L CODE	NAME OF ACCOUNT	AMOUNT
A109000	Vendor Adv Upload Account	Cr. 15,13,45,920/-
A109099	Transfer A/c-ISU	Cr. 4,99,02,241/-
L010190	Initial Uploading FI	Dr. 12,33,43,575.36/-
L010191	Initial Uploading FI	Cr. 30,90,97,887.84/-
		Cr.
U900001	GL Upload Control	10,94,68,63,062.52/-
U900001	GL Upload Control	Dr. 1,26,57,749.12/-
U900007	CWIP Upload Control	Dr. 3,11,57,85,691.61/-

server of CSPDCL at the time of migration, details of which are not available. Further, reconciliation of other GL code is under process and same will be resolved at the earliest.

**OTHER MATTERS**

a) As per Section 204(1) of Companies Act 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which mandates Secretarial Audit for every Listed Company, the company has appointed Secretarial auditor for Secretarial audit but the Secretarial audit report for the financial year 2018-19, 2019-20 & 2020-21 has not been produced before us.

It is to mention here that there is no time limit prescribed under the Companies Act, 2013 for appointment of Secretarial Auditor. There is only requirement of annexing Secretarial Audit Report with Board Report under Section 204 of the Companies Act, 2013. In view of the above, there is no non-compliance of the provisions of the Companies Act, 2013.

The Company has appointed Secretarial Auditor for the Financial Year 2018-19, 2019-20 & 2020-21 and the Secretarial Auditor also completed their audit and submits their Secretarial Audit report for the financial year 2018-19 & 2019-20 and the same was also annexed with Board's Report for the financial year 2018-19 &

	<p>2019-20.</p> <p>Further, the Company has appointed Secretarial Auditor for the financial 2020-21, in its Board Meeting held on 11th July, 2022. Further, the Company has annexed Secretarial Audit Report for the F.Y. 2020-21 with the Board Report.</p>
<p>b) As per section 92 of Companies Act, 2013, every company is required to prepare the Annual Return in Form No. MGT-7 and file with Registrar within 60 days from the date on which Annual General Meeting is held or from the last day on which. Annual General meeting should have been held. During the course of audit Annual return for the F.Y 2020-21 has not been produced before us.</p>	<p>The annual return in Form No. MGT-7 for the financial year 2020-21 has been filed on 31<sup>th</sup> March 2022.</p>
<p>c) As per Sec 135 (1) of Companies Act, 2013 read with Rule 3 of Companies Rules, 2014 every company having net worth of 500 cr. or more, or turnover of 1000 cr. or more, or net profit of 5 cr. or more during immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the board consisting of three or more directors, out of which one shall be an independent director. The company does not have any Independent Director on its Board of Directors as required by Sec 149 of the Companies Act,2013, consequent to which the company could not comply the above provision.</p>	<p>There was requirement of appointment of one-third of the total number of Directors as Intendent Directors on the Board of Directors of the Company during the Financial Year under review in pursuance of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations (Bonds issued by CSPDCL are listed on stock exchanges). Further, there was requirement of Independent Directors on Audit Committee and Nomination &amp; Remuneration Committee.</p>
<p>d) As per Section 178(1) of Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules,2014, every listed company and public company which has paid up share capital of 100 crore or more, or which have, in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs.50 Crores need to form a Nomination and Remuneration committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Company does not have any Nomination and Remuneration committee due to non-availability of Independent directors.</p>	<p>Being a Government of Chhattisgarh undertaking, as per the Articles of</p>
<p>e) As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies (Meeting and Power of Board) Rules, 2014 which deals</p>	

with requirement to form Audit Committee, the Company does not have Independent Director in its Board of Directors as required by Sec 149 of the Companies Act, 2013 consequent to which the Company could not comply with the above provision.

Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. Keeping in view the above, a request was made to the Govt. of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. However, the Govt. of C.G. has not yet appointed Independent Directors on the Board of Directors of the Company.

It is to mention that due to subsequent amendment in the Companies Act, 2013 and SEBI (LODR) Regulations, the provisions related to appointment of independent directors, constitution of Audit Committee and Nomination & Remuneration Committee are not applicable on your Company w.e.f. 1st April, 2021. Keeping in view the above provision, the Board of Directors of the Company, in its meeting held on 17th July, 2021, dismantled the Audit Committee of the Company.

Further, as per the newly inserted provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent by a



	approved the Cost Audit Report for the F.Y. 2019-20 & 2020-21 respectively.
<p><b>Annexure A to the Auditors' Report</b></p> <p><b>PARA NO. I-</b> In respect of its fixed assets:</p> <p>(a) The Company has maintained records of fixed assets. However, <i>voucher no., supplier name, quantitative and situation wise details are not maintained in the fixed assets register.</i></p> <p>(b) The management has explained that physical verification of fixed assets is a perpetual process undertaken at divisional and sub-divisional level. <i>As the relevant records of the physical verification were not produced before us for our review, we are not in a position to comment thereon.</i></p> <p>(c) The company possesses land received from MPSEB wherein records were not handed over, for re-organization of erstwhile MPSEB due to non-traceability; <i>hence we are not in a position to comment thereon.</i></p>	<p>(a) The fixed assets register maintained at H.O. on the basis of information available in the SAP system. As due to limitation of the system and voluminous number of component in a asset, the quantitative details are not available in the fixed assets register maintained at H.O. However, detail quantitative details of assets are maintained at respective division and sub division offices.</p> <p>(b) Due to time constraint information from field offices were not received at the time of audit. However, the same shall be taken care of in future.</p> <p>(c) The auditor statement represents the factual position and doesn't require any comment</p>
<p><b>PARA NO. II-</b> In respect of its inventories:</p> <p>As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at stores. <i>As the relevant records of the physical verification were not produced before us for our review, we are not in a position to comment thereon.</i></p>	<p>The auditor statement represents the factual position and doesn't require any comment. The detail records of physical verification are maintained at store offices. Due to time constraint all physical</p>

As per information and explanation given to us, the company is maintaining proper records of inventory and discrepancies, if any, found during the course of physical verification has been properly dealt with by the management.

verification report were not received at the time of audit. However, the same shall be taken care of in future.

The auditor statement represents the factual position and doesn't require any comment

**PARA NO. VII -In respect of statutory dues:**

- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March, 2019 for a period of more than six months from the date of becoming payable.
- b. Dues of CSPDCL for Custom Duty, Wealth Tax, Service Tax and Cess, which have not been deposited on account of dispute are as under:

The auditor statement represents the factual position and doesn't require any comment.

The status of the cases has already been mentioned in the auditors' report and is self explanatory and does not require any comment. Further necessary disclosure has already been made in the notes to account of the company during the reporting financial year.

**In respect of Income Tax Act, 1961**

S r. N o.	Assessment Year	Gross Tax Liability demanded (₹in Crore)	Unpaid Tax Liability (₹in Crore)	Authority before which case is pending
1	2003-04	277.38	144.81	Pending before Hon'ble High Court of Chhattisgarh & Income Tax Appellate Tribunal (ITAT), Mumbai.
2	2006-07	373.36	246.60	The matter is pending before Appellate Tribunal.
3	2008-09	92.19	-	The matter is pending before CIT (A) / ITAT.

Any adverse outcome in the Income Tax cases referred above will have an adverse financial implication on the successor companies i.e. CSPGCL, CSPDCL and CSPTCL of erstwhile CSEB.

c. The Jurisdictional Assistant Commissioner of Income Tax has raised a tax demand of ₹113.06 crore vide order dated. 30/12/2011 passed for Assessment Year 2009-10. The company has sought partial relief against said demand from Commissioner of Income Tax (Appeal) and now the outstanding demand including interest is ₹36.20 crore. The company aggrieved from the order of CIT (A) has preferred an appeal to Income Tax Appellate Tribunal, who has granted stay against recovery of said demand. The matter is pending before ITAT, Mumbai Bench.

d. The company through the online system of Income Tax Department has retrieved that an amount of ₹4.04 Crore is outstanding against TDS liability (Short Deduction/ Short Payment) and corresponding interest of ₹0.46 Crore against delay in short deduction/ short payment. The company is in process of obtaining necessary information of such distinguished cases from its decentralized office and Income Tax Department and liability will be provided only after due appraisal on cases to case basis.

#### In respect of Value Added Tax

The demand has been raised against the company by the Commercial Tax Department after assessment of FY 2010-11 & onwards. The Company has filed appeal against order and cases are pending before The Vanijya Kar Tribunal. The liability may arise based on outcome of the case. The year wise gross disputed demand against such liabilities is as under:

Sr. No.	Financial Year	Gross Tax Liability disputed (₹ in lacs)	Authority before which case is pending
1	2010-11	63.79	Appeal before second appellate authority i.e. Vanijya Kar Tribunal.
2	2011-12	76.49	Appeal before second appellate authority i.e. Vanijya Kar Tribunal.

#### In Respect of Service Tax

The Case has been decided in favor of CSPDCL by the ITAT, Mumbai Bench. However the order is yet to be received by the Company.

The company is in the process of obtaining necessary information of such cases from various offices and Income tax department. Further in the due course various corrective actions such as revising of defective returns and filing of reply of the notices with the Income tax department has been taken up by the decentralized offices.

i) Additional Director General of GST Intelligence Bhopal Zonal Unit have issued SCN dated 18-10-2018 demanding service tax of ₹94.59 Crore on Meter Rent, Compensation Charges Penalty Recovered from contractors, Parallel Operation Charges, and non-tariff miscellaneous charges etc. as follows:

Financial year	Service Tax Demand (₹ In crores)	Authority before which case is pending
2013-14	39.95	The company has filed writ petition before Hon'ble High Court of Bilaspur, Chhattisgarh.
2014-15	14.49	
2015-16	15.47	
2016-17	19.43	
2017-18 (UPTO June )	5.25	
<b>Total</b>	<b>94.59</b>	

The status of the cases has already been mentioned in the auditor main report and is self-explanatory and does not require any comment. Further necessary disclosure in this regard has been made in notes to account of the company

(ii) Additional Director General of GST Intelligence Raipur Unit have issued SCN dated 16.10.2019 demanding service tax ₹13.26Crore on System Strengthening Charges as follows:

Financial year	Service Tax Demand (₹ In crores)	Authority before which case is pending
2014-15	2.15	The company has filed writ petition before Hon'ble High Court of Bilaspur, Chhattisgarh.
2015-16	3.03	
2016-17	6.47	
2017-18 (UPTO June )	1.61	
<b>Total</b>	<b>13.26</b>	

**PARA NO. X**

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, following frauds have been noticed.

- a. A Fraud of ₹18.01 Lacs by an Employee Mr. Jagannath Manikpuri of Dhamtari Division, Raipur Region-II of CSPDCL has been noticed during the 2016-17. It is to mention that now a FIR has been lodged against the person and the company has provided in the accounts in FY 2018-19 (Note No28 to Financial Statements).

The status of the cases has already been mentioned in the auditor main report and is self-explanatory and does not require any comment. Further necessary disclosure in this regard has been made in notes to account of the company and necessary provision has been books of

S.No.	Nature of Fraud	Amount (₹)
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1	Employee fraud	18,01,500	accounts . FIR has also been launched with the local police by the concern division office.
<p>b. As per the letter no. 05-06/B&amp;CM/2019-20/3809 dated 05<sup>th</sup> December 2019 &amp; letter no. 05-06/B&amp;CM/2018-19/8452 dated 27<sup>th</sup> December 2018, cheques having cheque no. 42017198, 42017199 &amp; 02032599 of ₹8,80,929, ₹19,50,930 &amp; ₹45,10,520 respectively have been debited from UBI CC A/c (A/c No. 619405010000102) of the company. However, as per management's contention, these were wrongly debited as neither of these were issued or authorized by them. Also, they state the fact that the original leafs of these cheques are still in possession of the company &amp; had already been verified by bank. The bank's reply to management is that it has received the copies of these cheques &amp; has not received any instructions from company to stop these payments.</p>			<p>The complained was been launched with the banking authorities and whole of the amount has been credited in the company's bank account in the FY 2021-22.</p>
<p>Although, cheque no. 02032599 passed on 17th December 2018 of ₹45,10,520 has been credited back to the company's bank a/c, for the remaining two cases, neither such action has been taken by the bank nor any FIR has been filed by the company till date. Further to this the balance amount of remaining two cases has been provided in the accounts in FY 2018-19 (Note No28 to Financial Statements).</p>			
<p>The company has filed various cases in High Court of Bilaspur against Pankaj Kumar Kela &amp; Aso. Regarding payment to contractor has been made with forged Signature of Executive Engineers of various Division of CSPDCL. The following cases are pending before the court for disposal.</p>			
Case No.	Financial Involvement	Brief Description of the case	<p>The Company has filed police complain against the mentioned contractors further departmental enquiry is also being conducted against the employees of the company involved, necessary disclosure in this regard has also been made by the company in its note of accounts</p>
<p>WP (Cr) No. 38/2016</p>	<p>₹ 149.79 Lakh</p>	<p>The Subject Writ petition has been filed by the company alleging that the payment made to contractor has been done with forged signature of EE Jagdalpur, EE Bijapur, &amp; EE KondagaonDn of CSPDCL. Further, the company alleged that the Special investigation Team (SIT) has not conducted a proper investigation and therefore filed the petition</p>	
<p>WP (Cr) No. 289/2016</p>	<p>₹ 38.67 Lakh</p>	<p>The Subject Writ petition has been filed by the company alleging that the payment made to contractor has been done with forged signature of EE Bilaspur Dn of CSPDCL. Further, the company alleged that the Special investigation Team (SIT)</p>	

		has not conducted a proper investigation and therefore filed the petition	
WP (Cr) No. 22/2016	₹ 4.08 Lakh	The Subject Writ petition has been filed by the company alleging that the payment made to contractor has been done with forged signature of EE KorbaDn of CSPDCL. Further, the company alleged that the Special investigation Team (SIT) has not conducted a proper investigation and therefore filed the petition	
WP (Cr) No. 23/2016	₹ 107.91 Lakh	The Subject Writ petition has been filed by the company alleging that the payment made to contractor has been done with forged signature of EE ChampaDn of CSPDCL. Further, the company alleged that the Special investigation Team (SIT) has not conducted a proper investigation and therefore filed the petition	
WP (Cr) No. 154/2016	₹ 66.19 Lakh	The Subject Writ petition has been filed by the company alleging that the payment made to contractor has been done with forged signature of EE JashpurDn of CSPDCL. Further, the company alleged that the Special investigation Team (SIT) has not conducted a proper investigation and therefore filed the petition	

**ANNEXURE 'B' TO THE AUDITORS REPORT**

(a) Accounting under proper heads of Account was not correctly done at initial stages in SAP software. This has resulted in difference between the opening balances as per SAP software and opening balances as per financial statements. Further as per information and explanation provided, the differences that arose at the first time adoption of Accounting Software "SAP" have been adjusted through Capital Work in progress by passing the adjustment entries in accounting software.	The issues are related with migration of software and the same has already been raised with EITC. The company will resolve the same at the earliest, however, the same has no impact on the Profit & Loss A/c of the year under consideration.
(b) The current year closing figures as reported in the Balance Sheet are derived from the Trial Balance of SAP after passing such adjustment entries.	The Auditor has stated the Factual position and does not require any comment.
(c) Internal financial control for the conversion of capital work in progress into fixed assets has not been correctly reflected in the Accounting software, this has resulted in difference in the capitalization	The issues are related with migration of software and the same has already been

<p>figures as disclosed in the financial statements and figures as shown in the Books of accounts maintained in the Accounting software. Further the capitalization of capital work in progress is some is done on the last day of the month resulting in depreciation being under booked.</p>	<p>raised with EITC. Further the process of conversion of capital work in progress into fixed assets is a continuous process and is done on day to day basis throughout the year, however due to some procedural delay the process is carried forwarded in the next financial year such assets are capitalized on the last day of the previous year.</p>
<p>(d) Bank Reconciliation of various bank accounts as mentioned in 'Basis for Qualified Opinion' has not been done resulting in differences with Bank balance as per Bank.</p>	<p>The company is in the process of reconciling the balances of banks of the mentioned RAO's. Further the position has improved during the current financial year as compared to previous financial year and except some collection banks accounts reconciliation backlogs of all RAO's has been cleared. The contention of the Auditor is also not fair to the extent that there is difference between the Bank Balance &amp; balances as per the books of accounts., as the basic purpose of preparing of bank reconciliation statement is to reconcile the difference between the balance of bank and books of accounts.</p>
<p>(e) The Company also needs to strengthen an appropriate internal control system for Revenue Recognition on account of Revenue from Sale of Power as there is a difference in Billing module &amp; FICO Module.</p>	<p>The company is under process of resolving the same, further process has been developed in the SAP</p>



	system and there is only marginal difference between the figures of two modules.
(f) The company should take efforts for obtaining confirmations and should reconcile the intercompany balances on priority basis.	The company is under process to reconcile the same and apart from some minor issues the figures has been reconciled.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: RAIPUR (C. G.)

DATE:-08.07.2023

  
(ANKIT ANAND)

CHAIRMAN

DIN: 07415193



**ANNEXURE "C" TO THE BOARD'S REPORT  
MANAGEMENT REPLY  
TO  
COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA (CAG)  
FOR THE F.Y. 2020-21**

PARTICULARS	REPLY OF THE MANAGEMENT
<b>AUDITORS COMMENT</b>	
<b>A. Comments on Financial Position</b>	
<p><b>Balance Sheet</b> <b>Equity and Liabilities</b> <b>Current Liabilities</b> <b>Other Current Liabilities (Note-18) - Rs. 1562.40 crore</b></p> <p>The above includes an amount of Rs. 453.07 crore towards deposit works from various consumers. As per accounting practice of the company, the amortization of deposit work has been done @ 5.28% per annum. However, the management failed to amortize the deposit works during the financial year 2020-21. This has resulted in understatement of 'Amortization of capital grant' under the head 'Other Income' by Rs. 23.92 crore and overstatement of 'Other Current Liabilities' to the same extent.</p>	<p>The amount of Rs. 453 crore stated in the Audit para is related with deposit works and also some other consumer receipts which is being reconciled and necessary correction entries shall be incorporated in next year accounts.</p>
<p><b>B. Comments on Independent Auditors' Report</b></p> <p>The Independent Auditor qualified his opinion that the company failed to comply with the provisions of Section 135 (1) of the Companies Act, 2013 regarding constitution of Corporate Social Responsibility Committee of the Board. However, as per section 135 (9) of Companies Act 2013, the above does not apply to the Company as the Company had been making losses for more than three years consistently.</p>	<p>The provisions of section 135 (9) of Companies Act 2013, does not apply to the Company as the Company had been making losses for more than three years consistently.</p> <p>Hence, the qualification of Independent Auditors is not correct to that extent.</p>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Hence, the qualification of Independent Auditors  
is not correct to that extent

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(ANKIT ANAND)  
CHAIRMAN  
DIN: 07415193

PLACE: RAIPUR (C. G.)  
DATE:-08.07.2023

**CHHATTISGARH STATE**  
**POWER DISTRIBUTION**  
**COMPANY LIMITED**

(CIN: U40108CT2003SGC015822)

REGD. OFFICE - VIDYUT SEWA BHAWAN DANGANIA,  
RAIPUR (C.G.)

**SECRETARIAL AUDIT REPORT**

**FINANCIAL YEAR 2020-21**



**SECRETARIAL AUDITOR**  
**S G KANKANI & ASSOCIATES**

COMPANY SECRETARIES  
OFFICE NO. 701 & 712, 7TH FLOOR, ORRANGE HIVE  
MOWA, VIDHAN SABHA ROAD,  
OPP. RENAULT SHOWROOM, RAIPUR- 492005, (C.G.)  
☎- 0771 - 3501541, 3501542  
✉- INFO@SGKINDIA.NET



**S.G. KANKANI & ASSOCIATES**  
**COMPANY SECRETARIES**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR 2020-21**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
**THE MEMBERS,**  
**M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**  
(CIN: U40108CT2003SGC015822)  
**VIDYUT SEWA BHAWAN,**  
**DANGANIA, RAIPUR (C.G.)**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Chhattisgarh State Power Distribution Company Ltd. (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder. We also report that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 in compliance of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Electricity Act, 2003 and the Rules, Regulations and amendment made thereunder.
- (iii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (vii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015

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CSPDCL- SECRETARIAL AUDIT REPORT -\_FY 2020-21

Office No. 701 & 712, 7th Floor, Orange Hive,  
Mowa, Vidhan Sabha Road, Opp. Renault Showroom, Raipur- 492005, (Chhattisgarh)  
☎ - 0771 - 3501541, 3501542 ✉ - info@sgkindia.net





# S.G. KANKANI & ASSOCIATES

## COMPANY SECRETARIES

We have also examined the compliance of Secretarial Standards issued by the Institute of Company Secretaries of India.

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above except the following:-

- a) There was a requirement of Independent Directors on the Board of Directors of the Company during the financial year 2020-21 as per provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014.
- b) The Company is yet to constitute Nomination & Remuneration Committee as required under Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- c) The Company is yet to constitute Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- d) The constitution of the Audit Committee is yet to be modified in accordance with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- e) The Financial Statements for the F.Y. 2019-20 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013.
- f) There was delay in filing of Cost Audit Report with the Central Government for the Financial Year 2019-20.
- g) There was some delay in compliance of applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the company has not complied with Regulation 9, 13(4), 51(3), 52(7), 52(8), 53, 57(2), 62 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that there were no actions/events in pursuance of:

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- c) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings,

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CSPDCL- SECRETARIAL AUDIT REPORT - FY 2020-21

Office No. 701 & 712, 7th Floor, Orange Hive,  
Mowa, Vidhan Sabha Road, Opp. Renault Showroom, Raipur- 492005, (Chhattisgarh)  
☎ - 0771 - 3501541, 3501542 ✉ - info@sgkindia.net





# S.G. KANKANI & ASSOCIATES

## COMPANY SECRETARIES

- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

requiring compliance thereof by the Company during the Financial Year.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws as applicable to the Company, has not been reviewed in this audit, since the same has been subject to review by statutory audit and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted except appointment of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice is given to all the directors of the Board Meetings/ Committee meetings, agenda alongwith detailed notes thereon were sent as per provisions of the Act to all the Directors, and a system existed for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views that need to be recorded.

We further report that the existing systems and processes in the Company for monitoring and ensuring compliance with applicable laws, rules, regulations and guidelines should be further strengthened considering the size and operations of the Company.

We further report that, during the audit period there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

**Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.**

PLACE: RAIPUR (C.G.)

DATE: 04/07/2023

FOR, S.G. KANKANI & ASSOCIATES  
COMPANY SECRETARIES

  
(KAMLESH D. JHA)

PARTNER

FCS NO.: 10807

CP NO. : 14660

UDIN: F010807E000541689





**S.G. KANKANI & ASSOCIATES**  
**COMPANY SECRETARIES**

ANNEXURE-A

To,  
THE MEMBERS,  
M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
(CIN: U40108CT2003SGC015822)  
VIDYUT SEWA BHAWAN,  
DANGANIA, RAIPUR (C.G.)

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

PLACE: RAIPUR (C.G.)  
DATE: 04/07/2023

FOR, S.G. KANKANI & ASSOCIATES  
COMPANY SECRETARIES

  
(KAMLESH OJHA)  
PARTNER

FCS NO.: 10807

CP NO. : 14660

UDIN.: F010807E000541639

CSPDCL- SECRETARIAL AUDIT REPORT - FY 2020-21

Office No. 701 & 712, 7th Floor, Orange Hive,  
Mowa, Vidhan Sabha Road, Opp. Renault Showroom, Raipur- 492005, (Chhattisgarh)  
☎ - 0771 - 3501541, 3501542 ✉ - info@sgkindia.net



**ANNEXURE "E" TO THE BOARD'S REPORT  
MANAGEMENT REPLY TO SECRETARIAL AUDITORS COMMENTS CONTAINED IN THEIR  
SECRETARIAL AUDIT REPORT FOR THE F.Y. 2020-21**

S. NO.	PARTICULARS	REPLY OF THE MANAGEMENT
a).	There was a requirement of Independent Directors on the Board of Directors of the Company during the financial year 2020-21 as per provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014.	The Company is a Government of Chhattisgarh Undertaking and as per the Articles of Association of the Company all the Directors are to be appointed by the Government of Chhattisgarh. Keeping in view the above, a request was made to the Govt. of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. However, the Govt. of C.G. has not yet appointed independent Directors on the Board of Directors of the Company.
b).	The Company is yet to constitute Nomination & Remuneration Committee as required under Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and Its powers) Rules, 2014.	Due to subsequent amendment in the (Companies Act and SEBI (-ODR) Regulations, the provisions related to appointment of independent directors, constitution of Audit Committee and Nomination & Remuneration Committee are not applicable on our Company w.e.f. 1st April, 2021. Keeping in view the above provision, the Board of Directors of the Company, in its meeting held on 17th July, 2021, dismantled the Audit Committee of the Company.
c).	The Company is yet to constitute Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.	Further, as per the newly inserted provisions of Section 1-15(9) of the Companies Act, 2013, where the amount to be spent by a company under Section 1-35(5) does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable w.e.f. 22.01.2021 and the functions of CSR Committee provided under the Companies Act 2013 shall be discharged by the Board of Directors of Company. Since, the Company was having average net loss during the immediately preceding three financial years. Accordingly, the Company was not required to constitute a CSR
d).	The constitution of the Audit Committee is yet to be modified in accordance with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.	



		Committee as per section 135 of the Companies Act, 2013.
e).	The Financial Statements for the F.Y. 2019-20 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013.	<p>As per Notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, Govt. of India, the Financial Statements of the company are required to be prepared for the Financial Year 2016-17 and onwards as per new Accounting Standards i.e. Ind AS. The F-Y 2016-17 being the first year of implementation of the new Accounting Standards, the Company could not adhere to the stipulated time limit.</p> <p>Due to cascading effect of the above, there has been also delay in preparation of the financial statement for the F.Y. 2017-18, 2018-19 &amp; 2019-20. For your kind information, the Financial Statements for the F.Y. 2019-20 have been approved by the Board of Directors of the Company in its meeting held on 25th May, 2021. Subsequently, the above Financial Statements for the F.Y. 2019-20 were submitted to the CAG. Presently the comments from CAG are awaited.</p> <p>After receipt of comments from CAG the Directors Report, containing, inter alia, comments of CAG and management reply thereon, will be placed in Board Meeting of the Company for approval. After that the Annual General Meeting will be held for approval and adoption of Financial Statement for the Financial Year 2019-20.</p>
f).	There was delay in filing of Cost Audit Report with the Central Government for the Financial Year 2019-20.	<p>Due to implementation of new accounting standards from the financial year 2016-17, the preparation of accounts for the financial year 2016-17, have been delayed. Due to delay in finalization of the accounts for the financial year 2016-17, the finalization and audit of cost records for the financial year 2016-17 also got delayed.</p> <p>Due to cascading effect of the Above, the preparation of accounts for the financial year 2019-20 has been delayed. Due to the above delay, the finalization and audit of cost records</p>

		for the financial year 2019-20 also got delayed. Further, the Cost Audit Report for the 2019-20 have been approved by the Board of Directors of the Company in its meeting held on 17 <sup>th</sup> September, 2021 respectively, and the same has been filed through Form CRA-4 to the Central Government on 01.11.2021.
g).	There was some delay in compliance of applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the company has not complied with Regulation 9, 13(4), 51(3), 52(7), 52(8), 53 , 57(2),62 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except the above, the Company has complied applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Necessary measures being taken on sustained basis.
Para 17	We further report that the existing systems and processes in the Company for monitoring and ensuring compliance with applicable laws, rules, regulations and guidelines should be further strengthened considering the size and operations of the Company.	Necessary measures being taken on sustained basis.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: RAIPUR (C. G.)

DATE:-08.07.2023



(ANKIT ANAND)

CHAIRMAN

DIN: 07415193