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छत्तीसगढ़ स्टेट पॉवर डिस्ट्रीब्यूशन कंपनी लिमिटेड

DIRECTOR'S REPORT

2019-2020



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

Website: 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 Company Ltd.
Raipur (C.G.)

Your Directors have pleasure in presenting the 17th Annual Report of the Company for the financial year ended 31st March, 2020.

1) CONSTITUTION OF THE COMPANY:

Your Company was incorporated on 19th 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, during the financial year under review, 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 31st March, 2020. 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. 2019-20	F.Y. 2018-19
Revenue from Operations	15318.99	15816.07
Other Income	362.08	398.56
Profit/(Loss) before depreciation, exceptional & extraordinary items & taxation	(762.91)	259.73

Less: Depreciation & Amortization Expenses	383.68	335.77
Profit / (Loss) before exceptional & extraordinary items & taxation	(1146.59)	(76.04)
Add : Exceptional & Extraordinary items	173.95	33.77
Profit / (Loss) before tax	(972.64)	(42.27)
Less: Tax expenses	0.00	0.00
Profit/(Loss) after taxation	(972.64)	(42.27)
Other Comprehensive Income	(619.87)	(97.47)
Total Comprehensive Income	(1592.51)	(139.74)

4) REVIEW OF PERFORMANCE:

During the financial year 2019-20, the Company has earned Revenue from Operations amounting to Rs. 15318.99 crore as compared to Rs. 15816.07 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. 1592.50 crore after adjustment of Other Comprehensive Income during the financial year under review as compared to net loss of Rs. 139.74 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 01.04.2019 to 31.03.2020, 5,918 KM Sub-transmission Lines and 8,710 KM Low Tension (Distribution) Lines were constructed. Including the above, the total length of Sub-transmission Lines and Low Tension (Distribution) Lines stood at 1,39,770 KM and 1,99,109 KM respectively at the end of the financial year. During the period under review, 72 Nos. New 33/11 KV S/s 38 No. Addl Power X-Mer, 34 No. Aug of Power X-mer, 12,742 Nos. New 11/0.4 KV Distribution Transformers and 942 No. Augmentation of 11/0.4 KV X-mer were established as a result of which, the capacity was increased by 625 MVA. As on 31.03.2020, there were 1,314 Nos. 33/11 KV and 1,80,691 Nos. 11/0.4 KV Sub-stations with total capacity of 19,363 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. 2019-20
1.	33 KV Lines	KM	853
2.	11 KV Lines	KM	5,129
3.	Low Tension Lines (400-230 Volts)	KM	8,710
4.	33/11 KV Sub-stations installed	Nos.	72
	Capacity	MVA	227
5.	Installation of Additional Transformer in existing 33/11 KV Sub-station	Nos.	38
	Capacity	MVA	120
6.	Increase in capacity of Transformer of existing 33/11 KV Sub-stations	Nos.	34
	Capacity	MVA	20
7.	11/0.4 KV Sub-station installed	Nos.	12,742
	Capacity	MVA	247
8.	Increase in capacity of 11/0.4 KV Transformers	Nos.	942
	Capacity	MVA	11

◆ **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	3
2.	11 KV Lines Construction	KM	132
3.	Distribution Lines for Services (For New Connections)	KM	1,031 + 35(Conversion)
4.	New Distribution Transformers	Nos.	413
5.	Increase in Capacity of Distribution Transformers	Nos.	271
	Capacity	MVA	16.26
6.	Connection provided: Single Phase	Nos.	78,800
	Three Phase	Nos.	19,849
	High Tension Connection	Nos.	220

◆ **Electrification of Irrigation Pumps**

During the period from 01.04.2019 to 31.03.2020, the line extension work has been completed for 14,146 pumps and 4,43,424 pumps have been energized up to 31.03.2020.

◆ **B.P.L Connection**

As per the direction of State Government, the B.P.L. Connection is made available to peoples who are below poverty line. During the period from 01.04.2019 to 31.03.2020, total 21,780 connections have been provided to the above category families. As a result, there are 19,60,318 B.P.L. Connections to the above category families as on 31.03.2020.

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 in to 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) DnMahasamund, 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 lying 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.No.	Particulars	Unit	Provision	Completed
1	33/11 KV Substation	No	32	22
2	33 KV line	KM	270	125
3	11 KV line	KM	672	278

4	LT line	KM	147	39
5	Replacement LT line AB Cable	KM	2996	767.89
6	Distribution Transformer	Nos.	1516	615

STN Scheme:- Energy Conservation has also been achieved through strengthening of Sub-transmission line under the STN scheme for which the provision of Rs. 95 Crore has been made by CSERC for the year 2018-19 and expenditure of Rs. 183.47 Crore has been incurred including spill over work during the reporting year 2018-19.

DDUGJY

- MoP; GoI vide office memorandum No.-44/44/2014-RE dated 03.12.14 has conveyed regarding launch of Deen Dayal Gram Jyoti Yojna (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.
- Rural Electrification Corporation (REC) Ltd. is the Nodal Agency for DDUGJY.
- As per funding mechanism for execution of work, 60% capital subsidy would be provided towards overall cost of the project by MoP through REC excluding the amount of State/ local taxes. 10% amount of project shall be contributed by the State and balance 30% by Utility through own resources/ loan.
- For Chhattisgarh State, REC Ltd. conveyed approval of DPR's of all 27 districts vide their letter No.-94 dated 14.08.2015 for ₹ 1253.98 Crore. Consequent upon freezing of BoQ, an amount of ₹ 1240.01 Crore is expected to be incurred for which SLSC approval has also been obtained.
- Works in 23 districts have been completed and work of only Feeder Segregation is in progress in Bemetara, Raigarh, Bilaspur and Mungeli.
- Status of completion of DDUGJY project as on 31.03.2020 is as under:

DDUGJY- STATE WISE AND UTILITY WISE PHYSICAL /FINANCIAL PROGRESS		
STATE : Chhattisgarh	UTILITY : CSPDCL	
Financial progress as on 31.03.2020.		
(a) Sanction project cost	1263.46	Crore (incl PMA @ 0.5% i.e. 6.28)
(b) Amount received as GOI Grant	598.76	Crore

(c) Amount received as state contribution	125.00	Crore
(d) Amount received as Loan from fls/ other	292.87	Crore
(f) Total amount utilized / Spent	1080.99	Crore

Physical progress

As on 31st March 2020

Sr. No	Milestone Name	Unit	Awarded Quantity	Cumulative Progress
1	33/11 kv New substation	No.	80	80
		MVA	274.20	274.20
2	Augmentation of 33/11 kv substaion	No.	100	100
		MVA	214.10	214.10
3	Distribution Transformer (DTR)	No.	14553	7975
		MVA	445.83	237.89
4	Feeder segregation (Excluding 11 kv)	Ckm	5846.75	2918.03
5	L.T.Line	Ckm	9555.22	7583.11
6	11 kv line (excluding feeder segregation)	Ckm	7115.70	3978.19
7	33/66kv line	Ckm	1192.00	690.27
8	Energy meter-Consumer	No.	6466	4534
9	Energy meter-DTR	No.	807	337
10	Energy meter-11 KV Feeder	No.	3382	3382
11	Intensive Electrification of village	No.	2672	2672
12	SAGY village (*)	No.	15	15
13	Connection to BPL Households	No.	79008	79455

(*) Work executed under state Plan (MMMTVY)

SAUBHAGYA

- Finalization of un-electrified house-holds proposed to be covered under SAUBHAGYA scheme is as below:
- 478388 UE house-holds has been proposed through grid at rural areas.
- 299316 house-holds covered under PMAGY proposed through grid at rural areas.
- 15068 UE house-holds proposed through grid at urban areas.
- Total 7,92,772 habitation electrification was covered under SAUBHAGYA scheme.

- As on 31.03.2020, connections of 6,65,756 House-holds have achieved and scheme closed on this achievement.

Total Number of house-holds covered for electrification under the scheme including House-holds under construction in PMAY - G.	7,92,772
House-holds electrified upto 31.03.2020.	6,65,756

8) IMPROVEMENT INITIATIVES:

- Various initiatives have been taken by the Discom 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, Spot Billing and further Photo Spot Billing has been implemented. Spot Billing has been implemented for 32.55 lacs consumers.
 - In 3058 HT connections (100%) and LT connections having connected load above 15HP to 50HP AMR (Automatic meter reading) system has been installed 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 losses at all voltages level and for proper energy accounting at all 705 Nos 3KV feeder and 4756 Nos 11KV feeder. In addition this 3513 Nos AMR has been install at all 11KV feeders in urban as well as rural area. 72133 No. DTs have been metered for DT wise monitoring of T&D losses.
 - Stopped/Defective meters are being replaced regularly and more rapid manner. 625744 No. of Stopped/Defective meters have been replaced in the year 2019-20.
 - Different modes of digital payment have been provided as Net Banking, Debit Card, Credit Card, RTGS, NEFT, UPI, Wallets, Pay-points centers and common service centers. 165 Nos. of ATP machines have been installed at different location in the Sate where the consumer can pay the bill from 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 from 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 Centers in 22 towns has been created to facilitate 24x7 registration of technical and commercial complaints and for resolution in minimum time.
- Major works planned and approved for upgradation and IT enablement under IPDS scheme were awarded in the year 2019-2020 through open tendering and L1 basis. Following turnkey awards/works were started to rollout IT systems and tools implemented under R-APDRP initially for 20 towns to now cover 160 IPDS Towns. This exhaustive work was bifurcated and awarded as below:-
 - **Tr-221(ERP)**- For implementation of upgradation of ERP under IPDS-IT project. ESS/MSS & BW System implementation.
 - **Tr-224(DC/DR)**- For upgradations of Servers and storage of DC/DR.
 - **Tr-225(IT-Infra)**- Cover Supply, Installation, Testing and Commissioning of infrastructure hardware/software for new towns including upgradation of existing hardware and software at DC DR.
 - **Tr-226(MDAS)**- To enhanced operational efficiency in existing MDAS system as well as to rollout MDAS system to 160 new towns for better Energy Auditing.
 - **Tr-227(GIS)**- It included GPS based GIS Survey & mapping of Assets, Project management, application Implementation, rollout and system integration activities.

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. As per various orders issued from time to time by the Energy Department, Govt. of Chhattisgarh, the following 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. 2018-2019:-

SL. NO.	PARTICULARS	EFFECTIVE DATE
1.	Appointment of Shri Manoj Khare as Managing Director of the Company in place of Shri Harsh Gautam.	13.05.2022
2.	Appointment of Shri Sanjiv Kumar Katiyar as Nominee Director of the Company in place of Shri Nirmal Kumar Bizora.	30.11.2022
3.	Appointment of Shri Sanjay Kumar as Nominee Director of the Company nominated by M/s REC Limited.	12.12.2022
4.	Cessation of Smt. Alarmelmangai D. from the post of Nominee Director of the Company	25.04.2023

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, the following changes have taken place in the Key Managerial Personnel of the Company since the date of previous Director's Report for the F.Y. 2018-19:-

SL. NO.	PARTICULARS	EFFECTIVE DATE
1.	Cessation of Shri Harsh Gautam, from the post of Managing Director of the Company	13.05.2022
2.	Appointment of Shri Manoj Khare as Managing Director of the Company	13.05.2022

3.	Cessation of Shri Arun Mishra from the post of Company Secretary of the Company	26.08.2022
4.	Appointment of Smt. Gunjan Dubey as Company Secretary of the Company	27.01.2023

As a result, presently 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. 1st 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:

4 (Four) Board Meetings were held during the Financial Year ended 31st March, 2020.

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, 2020, the Audit Committee of the Company was comprising the following directors:

SL. NO.	NAME OF DIRECTOR	DESIGNATION
1)	Shri Amitabh Jain, I.A.S.	Non-Executive Director

2)	Shri Subrat Sahoo, I.A.S.	Non-Executive Director
3)	Shri Mohammed Qaiser Abdulhaque, I.A.S.	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 2019-20. 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 17th 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 2019-20.

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 2019-20.

The Company was having average net loss during the immediately preceding three financial years i.e. 2018-19, 2017-18, and 2016-17. As a result, the Company was not required to spend any amount on CSR activity during the financial year 2019-20. The Report on CSR Activities for the financial year 2019-20 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 2019-20.

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 2019-20 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 2019-20 are enclosed herewith as **Annexure - "C"**.

22) REPORTING OF FRAUD:

The Statutory Auditor of the company has not reported any fraud as specified under Section 143(12) of the Companies Act, 2013. Further, a fraud was committed by an employee Mrs. Prapti Rai Bhagat O.A. Grade-III of Bilaspur region of CSPDCL relating to the embezzlement of electricity bills of consumers amounting to Rs. 1,09,70,179/- as per the investigation report assessment, further another embezzlement of Rs. 28,67,775/- was committed by Mrs. Priya Amle (J.E.) and Mr. Tikesh Yadav during FY 2018-19, however the same is being reported during FY 2019-20 due to quantification of amount in FY 2019-20.

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 2019-20 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 2019-20 on 01.11.2021.

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 Company is required to appoint Internal Auditor. The Board of Directors of the Company, in its meeting held on 20th June, 2020, has appointed the following person as Internal Auditors for the financial year 2019-20:

S.No.	Name of Internal Auditor	Region
1.	M/s Prem Chand & Company	Raipur I & Jagdalpur
2.	M/s Ajay Sindhvani & 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 2019-20 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. 2019-20 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 2019-20 are enclosed herewith as **Annexure – “E”**.

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

The company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings except that the Company has not conducted Board Meeting within 120 days from 101st Board Meeting dated 15th November, 2019.

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	<ul style="list-style-type: none"> The T&D and AT&C losses has been reduced as tabulated below: <table border="1" data-bbox="536 698 1241 1143"> <thead> <tr> <th>YEAR</th> <th>DISTRIBUTION LOSS</th> <th>AT&C LOSS</th> </tr> </thead> <tbody> <tr> <td>2015-16</td> <td>21.52</td> <td>21.79</td> </tr> <tr> <td>2016-17</td> <td>18.56</td> <td>19.34</td> </tr> <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>17.31</td> </tr> </tbody> </table> 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. For reduction in technical Losses of Distribution transformers, BEE standards energy efficiency level-II distribution transformers are being purchased and installed. 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 planning for installation of Smart Metering for precise reading without manual intervention under IPDS Scheme and through NSGM. The DPR amounting to Rs.590 Cr. Under IPDS for 02 towns Raipur & Bilaspur and Rs 194.66 Cr for four towns Ambikapur, Korba, Raigarh & Rajnandgaon has been sanctioned on 31st Jan'18 under IPDS. Smart Metering in Smart Cities (Raipur and Bilaspur) has been proposed under NSGM. The sanction from NSGM is still awaited. 	YEAR	DISTRIBUTION LOSS	AT&C LOSS	2015-16	21.52	21.79	2016-17	18.56	19.34	2017-18	18.08	18.83	2018-19	16.06	19.84	2019-20	16.91	17.31
YEAR	DISTRIBUTION LOSS	AT&C LOSS																		
2015-16	21.52	21.79																		
2016-17	18.56	19.34																		
2017-18	18.08	18.83																		
2018-19	16.06	19.84																		
2019-20	16.91	17.31																		

		<ul style="list-style-type: none"> Under PAT Cycle-II CSPDCL has been identified as designated consumers. Under the compliances CSPDCL has made all necessary compliances to BEE. ➤ Vigilance and O&M checking: To reduce the commercial loss, CSPDCL has created special vigilance checking cell in 15 circles & 01 HT checking cell to curb theft and other irregularities (Mal practice). Details of category wise checking of connection during 2019-20 are tabulated here under:- <table border="1"> <tr> <td>No. of Direct theft detected during the Year</td> <td>3660</td> </tr> <tr> <td>No. of Mal practice cases observed during the Year</td> <td>18461</td> </tr> <tr> <td>Amount billed Rs. in Lacs during the Year</td> <td>5045.06</td> </tr> <tr> <td>No. of FIR lodged/Information given to police during the Year</td> <td>698</td> </tr> <tr> <td>No. of cases putup to special court during the Year</td> <td>504</td> </tr> </table>	No. of Direct theft detected during the Year	3660	No. of Mal practice cases observed during the Year	18461	Amount billed Rs. in Lacs during the Year	5045.06	No. of FIR lodged/Information given to police during the Year	698	No. of cases putup to special court during the Year	504																	
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No. of cases putup to special court during the Year	504																												
(ii)	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 2019-20 against the target decided by CSERC which is tabulated as below:-</p> <table border="1"> <thead> <tr> <th>S. No</th> <th>Particular</th> <th colspan="3">Obligation as per CSERC Regulation</th> <th colspan="2">Achievement</th> </tr> <tr> <th></th> <th></th> <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">22792.75</td> <td>5.00%</td> <td>1139.64</td> <td>2.13%</td> <td>485.66</td> </tr> <tr> <td>2.</td> <td>Non-Solar</td> <td>8.00%</td> <td>1823.42</td> <td>4.00%</td> <td>912.43</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	22792.75	5.00%	1139.64	2.13%	485.66	2.	Non-Solar	8.00%	1823.42	4.00%	912.43
S. No	Particular	Obligation as per CSERC Regulation			Achievement																								
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2.	Non-Solar		8.00%	1823.42	4.00%	912.43																							
(iii)	the capital investment on energy conservation equipment's	<p>Rs. 1,09,62,60,538 (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"> • Photo Spot Billing has been initiated for improvement of billing efficiency. • CSPDCL is under implementation of Smart Metering for precise reading without manual intervention.
(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:**

As required pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT-9 as a part of this Annual Report is enclosed herewith as **Annexure – “F”**.

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 during the financial year 2019-20 under “Sexual Harassment of Women at Workplace (Provention, Prohibition and Redressal) Act, 2013 and it is disposed 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 in the company	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	40,03,012	Permanent	B.E. (ELE.)	37	21.07.1985	63	-	0	No
2	CHANDRA SHEKHAR SINGH	Addl.C.E.	39,92,402	Permanent	B.E. (ELE.)	39	23.07.1984	61	-	0	No
3	Dhanraj Sahu	Addl.C.E.	38,58,118	Permanent	B.E. (ELE.)	39	01.09.1984	63	-	0	No
4	THAKUR AJIT SINGH	Sr.MO	38,40,162	Permanent	M.S.	27	26.06.1991	65	-	0	No
5	Dr. Ashok Pendraker	Sr.MO	37,94,976	Permanent	MBBS	28	12.12.1989	66	-	0	No
6	Dr. Alka Gole	Sr.MO	37,90,508	Permanent	MBBS	33	21.06.1989	59	-	0	No

7	Dr. Vivek Goley	Addl.CMO	37,79,386	Permanent	M.S.	33	03.07.1987	62	-	o	No
8	A P Singh	C.E.	37,13,898	Permanent	B.TECH H. (EL)	37	10.06.1982	64	-	o	No
9	Bajrangi Mishra	Executive Director	36,44,112	Permanent	B.E. (ELE.)	38	02.06.1981	65	-	o	No
10	Ramotar Pathak	Addl.C.E.	35,70,091	Permanent	B.E. (ELE.)	38	21.07.1984	60	-	o	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. Your 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. Your company strongly believes in achieving organizational excellence through human resources and follows “People First” approach to leverage the potential of its employees to fulfill its business plan.

39) INDUSTRIAL RELATIONS:

For the Financial Year 2019-20 Industrial relations in the CS Power Companies continued to be cordial and harmonious. The matter pertaining to Trade Unions, Industrial Relations, various employees related issues and grievances, Insurance, Labour Court Cases and implementation of labour laws, etc were taken up by the department. The overall industrial relations scenario 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 and won the national championship trophy. 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, has approved the Vigilance Manual in compliance with the provisions of section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. The same Vigilance Manual has been implemented 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’

REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

1.	A brief outline of the company’s CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	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 2019-20.
2.	The composition of the CSR committee	
3. Average net profit of the company for last three financial years.		Nil (Negative figure)
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)		Nil
5. Details of CSR spent during the financial year		Nil
(a)	Total amount to be spent for the financial year	Not Applicable
(b)	Amount unspent, if any	Not Applicable
(c)	Manner in which the amount spent during the financial year	As per Annexure-A
6. In case of the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.		Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company		Not Applicable

ANNEXURE-A: ANNUAL REPORT ON CSR ACTIVITIES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the project is covered	Project or programs (1)Local area or other (2)Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: (1)Direct expenditure on projects or programs (2)Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
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. 2019-20**

PARTICULARS	MANAGEMENT REPLY										
AUDITORS REPORT											
<p>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:</p>	<p>The auditor's comments on various sub paras have been discussed below in detail.</p>										
<p>a) Fixed Assets (i) Capitalization of Asset</p> <p>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.</p> <p>The Capital WIP of Rs.3,18,995.53 Lakhs as on 31st March, 2020 include Various head of Capital WIP which has not been capitalized since very long period and needs to be impaired in our opinion. Management should recognize those additions and account for the impairment loss, 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:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">G.L CODE</th> <th style="text-align: center;">NAME</th> <th style="text-align: center;">R.A.O</th> <th style="text-align: center;">AMOUN T</th> <th style="text-align: center;">LAST DATE OF CAPITALIS ATION</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	G.L CODE	NAME	R.A.O	AMOUN T	LAST DATE OF CAPITALIS ATION						<p>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.</p> <p>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. However, the process is time taking and due to non-availability of readymade information the process is very slow.</p>
G.L CODE	NAME	R.A.O	AMOUN T	LAST DATE OF CAPITALIS ATION							

A076150	Capital WIP Building Other	45	23,33,251/-	MARCH 2014
A076150	Capital WIP Building Other	31	13,006/-	FEBRUARY 2011
A076150	Capital WIP Building Other	53	23,09,314/-	MARCH 2020
A076201	Capital WIP Building Plant	31	54,634/-	MARCH 2015
A076201	Capital WIP Building Plant	45	1,64,079/-	MARCH 2014
A076220	Capital WIP Building Plant H.Y	45,51	97,380/-	MARCH 2014
A076310	Capital WIP Kucha Pucca Rd	53	5,77,713/-	MARCH 2018
A076311	Capital WIP Well, Wall, Canal	45	14,06,45,370/-	OCTOBER 2019
A076311	Capital WIP Well, Wall, Canal	54	43,25,092/-	MARCH 2014
A076325	Capital WIP Miscellaneous Work	33	15,93,647/-	FEBRUARY 2020
A076520	Capital WIP Boil PL and Equipment	33	5,65,188/-	MARCH 2014
A076564	Capital WIP AC Plant	93	2,27,32,417/-	MARCH 2017
A076822	Computer and Peripherals	33,35,37,45,51 & 54	87,54,158/-	MARCH 2020
A076823	Server	31,37 & 53	26,23,784/-	FEBRUARY 2019
A076828	Network And Hardware	93	2,19,04,337/-	MARCH 2017

The matter has been referred to EITC as to how excess capitalization has been done resulting in credit balance in CWIP.

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

G.L CODE	NAME	R.A.O	AMOUNT
A076150	Capital WIP Building And Others	51	28,632/-
A076150	Capital WIP Building And Others	93	28,18,874/-
A076201	Capital Building Plant	93	1,20,013/-

A076230	Capital WIP Building Trans	37	4,11,856/-	
A076230	Capital WIP Building Trans	93	394,946,74 5/-	
A076310	Capital WIP KuchhaPucca Road	93	5,76,24,16 0/-	
A076510	Capital WIP Instr And Control	93	3,04,79,09 9/-	
A076540	Capital WIP SS Xmer>100 KV	33	47,90,90,8 13/-	
A076540	Capital WIP SS Xmer>100 KV	51	41,78,55,5 37/-	
A076562	Capital WIP Common Equipment	33	11,17,005/-	
A076562	Capital WIP Common Equipment	93	55,08,029/ -	
A076564	Capital WIP AC Plant	93	24,647,255 /-	
<p>Further, interest amounting Rs.19,17,40,438/- has been capitalized, of which no detail has been produced before us. Thus, we are unable to comment thereon.</p> <p>Impairment of Assets</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>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.</p> <p>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.</p>
b).Current Assets				

<p>(i). Cash System of Accounting for Surcharge</p> <p>Company has adopted Cash System of accounting for delay payment surcharge from Indian Railways and HT Consumer, 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>(ii). Trade Receivables</p> <ul style="list-style-type: none"> ❖ As per explanations provided to us by the management “CSPDCL HT for Rectification” (BP No. - 1024240) is a dummy customer 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.438.06 crores is still pending for clearance since 31.03.2017. ❖ Debtors amounting to <ul style="list-style-type: none"> ➤ During the course of audit it was found that there were 	<p>The data regarding income are migrated from Billing 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.</p> <p>The company has made provision</p>

inactive accounts of HT Consumer Rs.105.14 crores are outstanding for more than One year for which no security deposit is held with CSPDCL. Out of mentioned amount, an amount of Rs.98.12 crores has been booked as Provision for Expected Credit Losses during the year.No Provision of Difference Amount of Rs.7.02 Crores for bad and doubtful debts has been made during the year.

- Rs.1008.11 crores are outstanding from the debtors from whom no recovery has been made since last two-three years (Major BP No. showing active Status). From the above outstanding debtors, company have security deposit of Rs.28.75 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 bad and doubtful debts, due to which the balances of trade receivable is over stated to such extent.
- During the Course of Audit it was found that the below mentioned Sundry Debtors are grouped under “Outstanding for less than six month” but the same was receivable since 2013.

of Rs. 98.12 Crores under provision for bad & doubt full debts on the basis of information received form Revenue department & the banalce amount of Rs.7.02 has been provided under Expected Credit Losses on the basis of information available with the company regarding filing for insolvency with NCLT by respective consumers.

The payment of interest on Security Deposit of consumer has been credited to the consumer account as be 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 is no revenue leakage as such mentioned by the Auditor in his report

These are old migration entries and the company is in the process of reconciling the same

GL CODE	NAME	AMOUNT
A100231	Conversion Arrears	2,73,19,463/-
A100230	Conversion Arrear HT	1,47,45,345/-
A100216	Adjusted Coal Energy	7,56,136/-

A100211	S.DrOth Power	Sale	3,65,00,100/-
<ul style="list-style-type: none"> ➤ 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 credit balance (Net) of Rs. 25.26 Crores which has been netted with trade receivables. No details or reconciliations to why there is a Credit Balance in the said account has been produced before us for our verification. ➤ The company has received subsidy from state government related to state Govt. 400 unit and DLF in excess amounting to Rs. 9.84 crore. The company has grouped the state government 400 unit ledger having GL A/c Code A100613 amounting to Rs. 337.18 crore credit balance under the head sundry debtor instead of classifying it under the liability due to which sundry debtor is understated. 			<p>The credit entry is in the account due to incorrect entry of Rs.20.00 Crores which has been rectified in FY 2020-21 & non execution of reco key in the SAP, all the discrepancy has been resolved in the FY 2020-21, and the G/L code A100308 is showing Debit balance in FY 2020-21.</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 units 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, is shown in the Balance Sheet instead for depicting under number of individual heads for sake of simplicity. There are huge debtors apart from State Government and depicting head wise amount against each debtor is not feasible.</p> <p>The company has already provided for Rs.400.27 crores on account of allowance of</p>
<ul style="list-style-type: none"> ❖ 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.

Credit Losses. Which accounts to about 4.3% of the total trade receivable, which is much higher than the normative percentage allowed by the Hon'ble Commission.

(iii).Bank Reconciliation Statements:

- During the Course of our Audit we found that most of the Bank accounts maintained by the Company as on 31.03.2020 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 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:

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 2019-20 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

GL Code	Bank Name	Account Number	RAO Name	Balance as per Cash book (SAP) (A)	Balance as per State ment	Balance as per State ment (Reconciled) (B)	Difference (A-B)	Remarks
A10 041 4 L04 030	State Bank of India CC	35931 7305 75	H ea d of fic	(389 32.1)	(423 8.06)	(3223 8.06)	(669 4.04)	

3			e						
A100418	SBI-HO (APDRP)	10822707067	Head of office	(4300.46)	0.80	(64.47)	(4235.99)		
A100401	State Bank of India	31734745789	Raipur-II	2496.58	0.10	0.57	2496.01		
A100404	Chhattisgarh RajyaGramin Bank	77014174175	Raipur-II	(618.60)	0.00	0.00	(618.60)	Balance taken as per certificate provided by the bank to management	
A100410	State Bank of India	31729435275	Raipur-II	(359.81)	7.60	(359.91)	0.10	Balance taken as per certificate provided by the bank to management	
BANK STATEMENTS NOT PROVIDED TO US									
GL Code	Bank Name	Account Number	Balance as per Cashbook (Rs. In lakhs)	Remarks					
A100	State Bank Of	A/C No. is not	73.88		Soft Copy of all the banks in				

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 statements is due to non-reconciliation of balances at the time of uploading of 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 where 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.

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.

401	India	provided to us.		No Detail s Provid ed to us for our Verifi cation	operation in H.O & CAU were provided to the Statutory 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.
A100 403	Union Bank Of India	A/C NO. is not provided to us..	(120.29)		
A100 426	Bank of India	A/C NO. is not provided to us..	0.25		
A100 435	Union Bank of India	A/C NO. is not provided to us..	16.85		
A100 410	State Bank Of India	31997768444	1063.49		
A100 441	Union B.of India(OD)	A/C NO. is not provided to us..	(1.81)		
A100 400	State Bank Of India - RGGVY	A/C NO. is not provided to us..	2157.06		
A100 420	State Bank Of India	A/C NO. is not provided to us.	(2776.34)		
A100 441	Union Bank of India(OD)	A/C NO. is not provided to us.	(0.58)		
A100 410	State Bank Of India	10564172349	(700.84)		
A100 435	Union Bank of India	549401010050446	77.54		
A100 441	Union Bank of India (OD)	A/C NO. is not provided to us.	0.04		
A100 401	State Bank Of India	A/C NO. is not provided to us..	(279.78)		
A100 412	ICICI	A/C NO. is not provided to us.	(0.07)		
A100 420	State Bank Of India	A/C NO. is not provided to us.	384.86		
A100 425	Central Bank Of India	A/C NO. is not provided to us.	303.72		
A100 438	ICICI Bank	A/C NO. is not provided to us.	269.14		
A100 441	Union Bank of India(OD)	A/C NO. is not provided to us.	75.22		
A100 448	Punjab National Bank	A/C NO. is not provided to us.	12.18		

BANK RECONCILIATION STATEMENTS NOT PROVIDED TO US.

GL Code	Bank Name	Account Number	BALANCE AS PER Cash Book(SAP)	BALANCE AS PER BANK
A100 438	ICICI Bank	1610500573 9	(1.70)	6704.02
A100 481	Union Bank of India	6194010100 50674	(1915.41)	16.74
A100 412	ICICI Bank	1610500660 7	1.01	1.26
A100 422	Punjab National Bank	3990021000 75284	(53.80)	0.23
A100 438	ICICI Bank	1610500649 4	15.34	0.00
A100 403	Union Bank of India	6194010105 0311	(1107.03)	6.12
A100 403	Union Bank of India	5547010100 50455	(3094.08)	1.00
A100 404	Chhattisgarh RajyaGramin Bank	7707164278 4	209.70	431.41
A100 401	State Bank of India	1090597466 4	(814.27)	0.14
A100 403	Union Bank of India	5546010100 50393	(169.77)	18.38
A100 404	Chhattisgarh RajyaGramin Bank	7701633913 7	(140.54)	0.00
A100 410	State Bank of India	1090597467 5	1156.04	41.23
A100 425	Central Bank Of India	1321686394	0.61	0.57
A100 435	Union Bank of India	5546010100 50434	89.59	5.00
A100 401	State Bank of India	3199776796 1	(6771.69)	560.00
A100	Union Bank of	5547010100	185.04	5.00

435	India	50409		

- 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 but they should be considered as Stale Cheques. For instances

GL Code	Bank Name	Account No.	Amount	Area	Remark
A100 435	UNION BANK OF INDIA	49670101 0110341	9,900.00	DURG	Clearly mentioned stale cheque in BRS.
A100 404	CHHATT ISGARH RAJYA GRAMIN BANK	77058074 145	83,76,295. 00	RAJNAN DGAON	Out of which ,receipts amounting to Rs.957606 is Outstanding for more than 3 Years while rest is for less than 3 years but more than 3 months.
A100 403	UNION BANK OF INDIA	54940101 0050420	2,81,57,559 .37	RAJNAN DGAON	Out of which ,receipts amounting to Rs.2541860.37 is Outstanding for more than 3 Years while rest is for less than 3 years but more than 3 months.

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 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 . Further the two cheque mention in the audit para has already been transferred in the stale cheque accounts.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	STATE BANK OF INDIA	10564172 350	83,88,880. 75	RAJNAN DGAON	Out of which ,receipts amounting to Rs.29790 is Outstanding for more than 3 Years while rest is for less than 3 years but more than 3 months.
A100 435	Union Bank Of India	61940101 0050418	20,1268.00	CAU	Clearly mentioned as stale cheques in BRS
A100 404	CHHATT ISGARH RAJYA GRAMIN BANK	77014189 488	7,20,71,632 .00	H.O.	Debit in Cash Book but not credit in Bank Statement .
A100 441	Union Bank Of India(OD)	61940501 0000102	(4,46,70,0 77.80)	H.O.	Debit in Cash Book but not credit in Bank Statement .
A100 492	INDUSIN D Bank	20099954 3520	8,86,51,00 8.00	H.O.	Debit in Cash Book but not credit in Bank Statement .
A100 407	DDUGVY Loan UBI A/c	31095128 974	5,87,918.0 0	H.O.	Debit in Cash Book but not credit in Bank Statement , for more than one year
A100 403	Union Bank Of India	61940101 0050310	89,130.00	Raipur-I	Debit in Cash Book but not credit in Bank Statement , for more than

					one year.
A100 420	State Bank Of India	10822707 023	2,78,60,04 ,500.00	Head Office	Debit in Cash Book but not credit in Bank Statement ,out of which receipt amounting Rs.9669000 is outstanding for more than 3 month, while rest is for more than 2 year.

The difference of amount of Rs.300,00,000 in Rao Ambikapur shown by the audit is rectification of last year entry which was reported by the Audit itself. The Difference in Rao Raigarh is due to passing of rectification entry of previous year, similarly the difference in RAO Durg is also due to passing of rectification entry 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.

(iv). Cash in Transit:

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

G.L Code	Particulars	Area	Amount (Dr.)	Amount (Cr.)	Difference
A100 305	Cash in transit	Ambikapur	11805636 41	12105636 41	(30000 000)
A100 305	Cash in transit	Raigarh	13674765 00.01	13679218 69.05	(445369 .04)
A100 305	Cash in transit	Durg	22088733 55	23421236 51	(133250 296)
A100 305	Cash in transit	Jagdalur	13543765 59	13539035 59	473000
A100 305	Cash in transit	Raipur-I	14336732 38	14334732 38	200000
A100 305	Cash in transit	Head Office	28007097 172.23	28013194 339.62	(609716 7.39)
A100 305	Cash in transit	CAU	955111248 .50	95485889 8.50	252350

Further to the above-mentioned difference for the year, there is an opening Balance of Rs. 2,993.51 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:

GL CODE	LEDGER NAME	AMOUNT
A100147	Stock Shortage Pend	11,39,58,316/-
A100133	Scrap &UnservMatrl	2,47,90,053/-
A100132	Defective & Empties	27,64,27,093/-
A100127	Stores- Medical	22,82,748/-

(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, thereby totaling to Rs.1,370.70 Cr to State Government of Chhattisgarh vide their letters dated 22.05.2019 & 02.12.2019 for Compensation against Free electricity to Farmers under KrishakJeevanJyoti Scheme of Government. But 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 2019-20.

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

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 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.

(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.

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 claimed by the parties.

(viii). Renewable Energy Certificate (REC)

Due to non-compliance of RPO (Renewable Power Obligations)

The company is facing financial shortage and there are also

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.157.783 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	22792.75	5 %	1139.64	2.1 3%	485.66	653.98	1.00	27.9
Non Solar		8 %	1823.42	3.9 5%	899.57	923.85	1.00	133.24
Total		13	2963.06	6.0 8	1289.3	1385.23		157.783

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.

(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 as under: -

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

Name	Balance as per our Books (SAP)	Respective Balances as per Inter - Company's Books	Difference
Chhattisgarh State Power Holding Company Limited	Cr. bal of Rs.10,510.85 lakhs	Dr.balofRs. 10,623.45 lakhs	Rs. 112.61 lakhs
Chhattisgarh State Power Generation Company Limited (CSPGCL)	Dr. bal of Rs.6,76,354.22 lakhs	No Confirmation produced before us for verification	No Details Provided
Chhattisgarh State Power Transmission Company Limited	Dr. bal of Rs.1,88,362.03 lakhs	Cr. bal of Rs. 88,069.27 Lakhs	Rs.1,00,292.76 Lakhs

(CSPTCL)

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 Income Tax 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.

As per Billing Module	As per SAP	Difference
6,789.55 crores	6,786.62 crores	2.93 crores

❖ 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 2019-20, 25% of losses of 2018-19 has to be borne by GOCG. During the course of our Audit we found that the Company has raised Excess

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 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 2020-21 as the same being the last year of claim, all the adjustment of past has been taken into consideration while settling the final claim.

claim of Loss to GOCG, the details of which are as under:

As per Audited F.S 2018-19	Loss Claimed by CSPDCL	Difference	% of loss	Excess Claim Raised By CSPDCL
139.74 crores	145.83 crores	6.09 crores	25%	1.52 crores

This resulted into understatement of liability and overstatement of other income by Rs.1.52 Crores.

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

❖ During the course of audit, it was found that recoveries have been done from the parties to whom the contracts for the creation of new fixed assets has been assigned, the recoveries that were made has been shown under the Gl Code I152008 "Misc income". In our opinion the recoveries made from the party to whom contracts for fixed asset creations have been assigned should be netted with the cost of the assets. As informed & explained to us by the Management the Said recoveries are generally refunded back to the Contractors in the subsequent years after receipt of explanations from the respective contraltos. Instances the Some parties were as below:

Due to large number of 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.

Document No.	DATE	Party Name	Amount
1900263505	02.03.2020	M.s K.K. Construction Co.	5,57,51,610/-
1900263497	02.03.2020	MaaHarsidhi Infra Developers	1,95,57,437/-
1900263924	04.03.202	MaaHarsidhi Infra	98,58,325/-

	o	Developers	
1900254507	19.12.2019	M.s K.K. Construction Co.	27,76,825/-
1900225366	26.04.2019	Sri GopiKrishna Infrastructure Pvt.	50,87,176/-

❖ During the course of audit it was found that penalties for various Violations & Non Compliances of Terms & Conditions were recovered from the parties to whom the contracts for the creation of new fixed assets has been assigned, The penalty that were recovered has been shown under the GL Code I152008 "Misc income". In our opinion the penalty that has been recovered from the parties to whom contracts for fixed asset creation has been assigned should be netted with the cost of the assets. As informed & explained to us by the Management the Said penalties are generally refunded back to the Contractors in the subsequent years after receipt of explanations from the respective contractors. Instances the Some parties were as below:

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 requires reduction of assets value. Further, if the penalty deducted accounted for under GL Code I152008 than at the time of refund back to the contractor's, the same will be debited through the same GL code i.e. I152008.

Docume nt No.	DATE	Party Name	Amount
1900228 517	23.05.2 019	Rajputana Cables & Conductor (P) L	15,75,254/ -
1900254 848	23.12.2 019	FEDDERS ELECTRIC & ENGINEERING LTD.	14,87,459/ -
1900235 023	19.07.2 019	Rajputana Cables & Conductor (P) Lt	12,05,723/ -

(i) Delay Payment Surcharge-

As per Board Resolution passed by the Board of Directors of Chhattisgarh State Power Generation Company Limited (CSPGCL) in a meeting dated 20th August 2020, Delay Payment Surcharge has been waived and written off amounting to Rs.150.45 crores in the accounts of CSPTCL for the F.Y. 2019-20. Hence, this liability of Rs.150.45 crore is no longer required, so it has been written off in FY 2019-20 and has been adjusted through other delay payment surcharges shown in Exceptional Items (Note No. 27 to Financial Statements)

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

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.

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.

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.)

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, 2014. 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.

f) Internal Audit

As per section 138 of companies Act 2013 read with Rule 13(1)(a) 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 2019-20 is not produced before us for our consideration.

1. M/s Prem Chand & Company,
2. M/s Ajay Sidhwani & Co,
3. M/s Minesh Anand & Associates
4. M/s Purthi & Company have been appointed as Internal Auditor for FY 2019-20. Major portion of audit i.e. revenue audit, power

<p>g) GST</p> <ul style="list-style-type: none">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 2019-20, company has availed input tax credit only in the month of January and February amounting Rs. 28,23,270/- and Rs.1,02,82,810/- 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 than 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. 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	<p>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</p> <p>The reconciliation for FY 2019-20 is under process, filing of the Annual Return (GSTR-9) will be done thereafter.</p> <p>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.</p>
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either CGST or SGST. The list of such accounts are as below:

GL Code	Ledger Name	Amount
L110707	LT Sup. Afford Charges	4,27,52,516/-
L110708	LT Sup. Afford Charges Beyond 30MTR	3,14,105/-
L110709	HT Sup. Afford Charges	1,26,65,223/-
I150510	Other Rental Income	1,44,86/-
I152006	Sales Of Tender Form	8,76,343/-
I152008	Other Misc Receipts	19,03,99,445/-
I152028	Other Misc Revenue	1,80,47,286/-
A100360	Supervision Charges	1,15,58,093/-

- 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.

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. List of some accounts are as below:

GL CODE	LEDGER NAME	AMOUNT
L030101	Cons Contribution HT	15,99,84,366/-
L030102	Cons Contribution LT	2,81,07,73,397/-
L030104	S Yojana Contribution	6,52,89,269/-
L030105	Contribution - Burnt Meter	89,66,15,595/-
L110707	LT Sup. Afford. Char	128,60,83,523/-

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

L110708	LT Sup. Afford. 30	7,53,53,698/-
L110709	HT Sup. Afford. Char	63,64,74,883/-
L110710	HT Sup. Afford..5km	63,86,000/-
TOTAL		593,69,60,733/-

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 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.

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.

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.

The assets held by the company unlike any other manufacturing or trading concern cannot be distinguish form 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.

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 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,2020. 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 availability of complete details.

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 due to the reason as the 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.

l) 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.

As per section 194H of The Income Tax Act,1961TDS 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 @5% 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.23,71,285/- ,on

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

which TDS amounting Rs.1,18,564/- should have been deducted and deposited to the Credit of Central Government

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.

m) Pertaining to previous years

Cash & Cash Equivalents includes Rs.18.01 Lacs pertaining to cash receivable from employees of the company for misappropriation/embezzlement of cheques collected from the consumers against monthly electricity bills.

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

Further, a banking fraud of Rs. 28.32 Lacs viz amount of Rs. 8.81 Lacs and Rs.19.51 Lacs has been debited vide cheque no.42017198 & 42017199 respectively during FY 2018-19. The cheques mentioned have not been issued by the company. The company has lodge complain with the bank in this regard and time to time made representation to the bank authorities for refund of the amount debited from the account. However till date the amount has not been refunded to the company's accounts. Further till date of our Report No FIR has been lodged by the Company.

A Fraud was committed by an employee Mrs. Prapti Rai Bhagat O.A. Grade-III of Bilaspur region of CSPDCL relating to the embezzlement of electricity bills of consumers amounting to Rs. 1,09,70,179/- as per the investigation report assessment , further another embezzlement of Rs.28,67,775/- was committed by Mrs. PriyaAmle (J.E.) and her Mr. Tikesh Yadav during FY 2018-19, however the same is being reported during FY2019-20. The amount has also been provided under the head Embezzlement/Fraud under Exceptional Items in Profit & Loss Account for the year.

Also Compliances of Previous Audit Reports have not been produced before us for our verification.

n) 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.12.25.kWh. The company has followed Cash System of accounting instead of Mercantile Basis for recording of this claim.

m) Transmission Charges:

Monthly Transmission Charges of Rs.68.07 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 STOA consumers. However, the amount paid by STOA consumers to CSPTCL is on cash basis rather than accrual basis.

n) State Government Loan Principal & Interest Written Off

As per State Government record, for the F.Y 2019-20, the liability of CSPDCL towards state government loan is amounting to Rs.108.71 Crores. Out of which CSPGCL is liable for Rs. 70.82 Crores , CSPTCL is liable for Rs. 22.21 Crores and the liability of CSPDCL is of Rs.15.68 Crores. As per CSPDCL the liability is of Rs.119.08 Crores(Principal Amount of Rs.85.63 Crores and Interest Amount of Rs.33.45 Crores). During the year CSPDCL has written- off Rs.33.45

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.

The ARR of CSPTCL for FY 2019-20 has been determine by CSERC at Rs.816.84 Crore, Monthly transmission Charges for Medium-term and Long-term Open Access Consumers at Rs.68.07 Crores and Short-term Open Access Charges @0.296Rs/kWh. Accordingly the monthly bill is raised by CSPTCL on CSPDCL for each month after adjustment of amount received form STOA consumer. CSPDCL has accordingly made provision in its accounts for due amount of MTOA & LTOA on accrual basis and adjustment of STOA is made by CSPTCL as and when received.

The Audit has stated the factual statement, appropriate disclosure in this regard has been made in notes to account.

Crores of accumulated interest amount payable to the State Govt. and Principal amounting to Rs.69.95 Crores(Rs.85.63Crores-Rs.15.68Crores) to bring the loan pertaining to State Government in line with the State Government Record.

o) 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 from Power Grid Corporation Of India Limited (P.G.C.I.L)for the month January2019-March2019 having document number-5100303248 amounting Rs.5,91,87,245/- has been booked in the F.Y 2019-20 which should have been booked in F.Y 2018-19 as per IND AS-8.

Further,GL Code-A160170 named "Oth. Excess Prov PY" under the head "Other Income" amounting 24,59,382/- should be booked in the F.Y 2018-19, which has been booked in the F.Y 2019-20.

p) 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

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

Current Liabilities”.

Details of which are as follows:

G.L CODE	NAME OF ACCOUNT	AMOUNT
L114030	Suspense Loading H.T	59,48,946/-
L119999	Suspense Account	12,48,22,749/ -
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.

q) Other 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 which is outstanding since long period of time for which no detail has been provided to us.

r) Other non Current Assets

During the course of audit it was found that GL A/c Code A102302 “Commercial Tax Receivable” 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.

During the course of audit it was found 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

many untraceable/ identifiable items which was passed on by the previous legacy system at the time of bifurcation of CSEB &MPEB and later at the time to bifurcation of CSEB into different Power Companies, which is shown under the various suspense head in the current SAP system

The amount of Rs. 24,37,779/- debited in G/L code A100370 “Service tax Supervision” includes amount deposited with the services tax department as consequences to demand raised by the service tax department during the course of audit in various RAO’s.

Similarly amount in G/L code A102302 “Commercial Tax Receivable” included amount deposit under protest with the Commercial tax department for earlier years, case of which are pending at various level.

The Amount shown in Codes A109000 & A109099 has been transferred in the server of CSPDCL at the time of migration,

some account are as below.			details of which are not available.
G.L CODE	NAME OF ACCOUNT	AMOUNT	
A109000	Vendor Adv Upload Account	15,13,45,920/-	
A109099	Transfer A/c-ISU	4,99,02,241/-	
OTHER MATTERS			
<p>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 has not been produced before us.</p>			<p>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.</p> <p>The Company has appointed Secretarial Auditor for the Financial Year 2018-19 and the Secretarial Auditor also completed their audit and submits their Secretarial Audit report for the financial year 2018-19 and the same was also annexed with Board's Report for the financial year 2018-19.</p> <p>Further, the Company has appointed Secretarial Auditor for the financial 2019-20, in its Board Meeting held on 27th July, 2019. Further, the Company has annexed Secretarial Audit Report for the F.Y. 2019-20 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 2019-20 has not been produced before us.</p>			<p>The annual return in Form No. MGT-7 for the financial year 2019-20 has been filed on 10th March 2021.</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 & 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 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.</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 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.</p>	<p>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</p>

	<p>Company, in its meeting held on 17th July, 2021, dismantled the Audit Committee of the Company.</p> <p>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.</p>
<p>f) As per Sec 148 of Companies Act, 2013 read with Rules 3 and 4 of Companies (Cost Records and Audit) Rules, 2014 which mandates Cost Audit for specified companies, the company has appointed Cost Auditor but the Cost Audit Report for the financial year 2019-20 have not produced before us.</p>	<p>The Board of Directors of the Company in its meeting held on 18th October, 2019 has appointed the Cost Auditor of the Company for the financial year 2019-20. However, due delay in preparation, finalization & audit of the Financial Statements for the financial year 2019-20, the finalization of cost records for the financial year 2019-20 got delayed.</p> <p>The Board of Directors of the Company, in its meeting held on 17th September 2021 has approved the Cost Audit Report for the F.Y. 2019-20.</p>

ANNEXURE 'A' TO THE AUDITORS REPORT	
<p>PARA NO. I- 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>PARA NO. II- 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 verification report were not received at the time of audit. However, the same shall be taken care of in future.</p>

<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.</p>	<p>The auditor statement represents the factual position and doesn't require any comment</p>																				
<p>PARA NO. VII - In respect of statutory dues:</p> <p>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, 2020 for a period of more than six months from the date of becoming payable.</p> <p>b. Dues of CSPDCL which have not been deposited on account of dispute are as under:</p> <p>In respect of Income Tax Act, 1961</p> <table border="1" data-bbox="119 1281 997 1814"> <thead> <tr> <th>S r. N o.</th> <th>Assessment Year</th> <th>Gross Tax Liability demanded (₹ in Crore)</th> <th>Unpaid Tax Liability (₹ in Crore)</th> <th>Authority before which case is pending</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2003-04</td> <td>277.38</td> <td>144.81</td> <td>Pending before Hon'ble High Court of Chhattisgarh & Income Tax Appellate Tribunal (ITAT), Mumbai.</td> </tr> <tr> <td>2</td> <td>2006-07</td> <td>373.36</td> <td>246.60</td> <td>The matter is pending before Appellate Tribunal.</td> </tr> <tr> <td>3</td> <td>2008-09</td> <td>92.19</td> <td>-</td> <td>The matter is pending before CIT (A) / ITAT.</td> </tr> </tbody> </table> <p>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.</p>	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.	<p>The auditor statement represents the factual position and doesn't require any comment.</p> <p>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.</p>
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.																	

c. 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

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

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.

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

2014-15	14.49	writ petition before Hon'ble High Court of Bilaspur, Chhattisgarh.	disclosure in this regard has been made in notes to account of the company
2015-16	15.47		
2016-17	19.43		
2017-18 (UPTO June)	5.25		
Total	94.59		

(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	
Total	13.26	

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 No27 to Financial Statements).

S.No.	Nature of Fraud	Amount (₹)
1	Employee fraud	18,01,500

b. A Fraud amounting to Rs. 1,09,70,179/- was committed in the F.Y 2018-19 by an employee Mrs. Prapti Rai Bhagat O.A. Grade-III of Bilaspur region of CSPDCL relating to the embezzlement of electricity bills of consumers , which has been quantified in Financial Statements for F.Y 2019-20 as per the investigation report assessment.

Further another embezzlement of Rs.28,67,775/- was committed by Mrs. Priya Amle (J.E.) and Mr. Tikesh Yadav during the FY 2018-19, However the same is being reported during FY2019-20.A FIR has been lodged against the person and the company

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 accounts. FIR has also been launched with the local police by the concern division office.

has provided both the amounts in the accounts in FY 2019-20.(Note No.27 to Financial Statements).

S.No.	Nature of Fraud	Amount (₹)
1	Employee fraud	1,38,37,954/-

c. As per the letter no. 05-06/B&CM/2019-20/3809 dated 05th December 2019 & letter no. 05-06/B&CM/2018-19/8452 dated 27th December 2018, cheques having cheque no. 42017198, 42017199 & 02032599 of ₹ 8,80,929, ₹19,50,930 & ₹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 leaves of these cheques are still in possession of the company & had already been verified by bank. The bank's reply to management is that it has received the copies of these cheques & has not received any instructions from company to stop these payments.

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 2019-20 (Note No27 to Financial Statements).

The company has filed various cases in High Court of Bilaspur against Pankaj Kumar Kela & 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.

Case No.	Financial Involvement	Brief Description of the case
WP (Cr) No. 38/2016	₹ 149.79 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 Jagdalpur, EE Bijapur, & 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

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.

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.

WP (Cr) No. 289/2016	₹ 38.67 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 Bilaspur Dn 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. 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

The major observations of qualified opinion are as under:

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	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
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adjustment entries in accounting software.	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 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.	The issues are related with migration of software and the same has already been 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, 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.
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.
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 & FICO Module.	The company is under process of resolving the same, further process has been developed in the SAP system and there is only marginal difference between the figures of two modules.

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. 2019-20**

PARTICULARS	REPLY OF THE MANAGEMENT
<p>A. Comments on Profitability Statement of Profit and Loss Cost of Power Purchase (Note 23): Rs. 14019.80 crore</p> <p>The above does not includes Rs 27.63 crore payable to South Eastern Central Railways pursuant to the arbitral award issued (03 May 2019) by the Arbitration Tribunal towards billing dispute between the company and Indian Railways. This resulted in understatement of cost of power purchase, understatement of Loss and understatement of Current Liabilities by Rs 27.63 crore each.</p>	<p>CSPDCL has already provided for Rs. 148.57 crores in the books of accounts in the FY 2018-19 as pursuant to arbitral Award dtd. 03.05.2019 which includes Rs 27.63 crores payable to South Eastern Central Railways, Rs. 58.93 crore payable to East Coast Railways and Rs.61.99 crores payable to SECR. Therefore, no further adjustment is required. All information in this regard was provided to the auditor during the course of Audit of FY 2018-19.</p>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: RAIPUR (C. G.)

DATE:- 08.07.2023


(ANKIT ANAND)
CHAIRMAN
DIN: 07415193

CHHATTISGARH STATE
POWER DISTRIBUTION
COMPANY LIMITED

(CIN: U40108CT2003SGC015822)

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

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR 2019-20



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 2019-20

[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, 2020 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, 2020 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;

CSPDCL- SECRETARIAL AUDIT REPORT - FY 2019-20

69, 1ST FLOOR, MAHALAXMI CLOTH MARKET, PANDRI, RAIPUR - 492 004 (C.G.)

☎ - 0771 - 4053769, 75666-81980 (M) ✉ - sgkankani.cs@gmail.com





S.G. KANKANI & ASSOCIATES COMPANY SECRETARIES

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with Stock Exchange in India read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 & 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 2019-20 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. 2018-19 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 2018-19.
- g) There was delay in appointment of Cost Auditor for the financial year 2019-20.
- h) The Company has not conducted Board Meeting within 120 days from 101st Board Meeting dated 15th November, 2019 as required under Section 173 of Companies Act, 2013.
- i) 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), 56, 57(2), 58(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except the above, the Company has complied applicable regulations of





S.G. KANKANI & ASSOCIATES

COMPANY SECRETARIES

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Regarding point no. (h), we have been informed that the 101st Board Meeting was conducted on 15th November, 2019. Accordingly, as per the provision of the Companies Act, 2013, the next 102nd Board Meeting was required to be convened on or before 14th March, 2020. However, due to non-availability of directors and frequent changes in the Board of Directors, the meeting could not be conducted within the above stipulated time limit. Subsequently, the Company had convened the 102nd Board Meeting on 15th April, 2020.

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,
- 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.





S.G. KANKANI & ASSOCIATES COMPANY SECRETARIES

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 JHA)
PARTNER

FCS NO.: 10807

CP NO.: 14660

UDIN: F010807E000541546





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.: F010807E000541546



ANNEXURE "E" TO THE BOARD'S REPORT

MANAGEMENT REPLY TO SECRETARIAL AUDITOR'S COMMENTS CONTAINED IN THEIR SECRETARIAL AUDIT REPORT FOR THE F.Y. 2019-20

Para 5a	There was a requirement of Independent Directors on the Board of Directors of the Company during the financial year 2019-20 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. Before the Independent directors and Woman Director were appointed, the Board of Directors of the Company, at its meeting held on 1th July, 2015, decided to change the constitution of the Company from public limited company to private limited company and made a request to the Govt. of CG for the consent in this regard. In response to the above
Para 5b	The Company is yet to constitute Nomination & Remuneration Committee as required under Section 178 of Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.	request, CS Power Companies have received permission from the Energy Dept., Govt. of C.G. vide its Order no. 3059/F-21/09/2015/13/2/E.D. dtd. 25.10.2016 for conversion of CS Power Companies. However, keeping in view the amendments in the Companies Act with regard to provisions for the appointment of Independent Director & Woman Director and constitution of the Audit
Para 5c	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.	Committee and Nomination & Remuneration Committee, the Subsidiary Companies of CSPHCL have decided to retain the existing constitution of Company i.e. "Public Limited Company and to make a request to the Govt. of Chhattisgarh to appoint Independent Directors and Woman Director on the Board of Directors of the Company.
Para 5d	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.	Keeping in view the above, a request has been made to the Govt. of C.G. for appointment of Independent Directors. However, Govt. of C.G. not yet appointed Independent Directors on the Board of Directors of the Company. After appointment of Independent Directors, the Company shall constitute/re-constitute Audit Committee, Nomination & Remuneration Committee and CSR Committee.
Para 5e	The Financial Statements for the F.Y. 2018-19 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013.	As per Notification dated 16 th 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 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

		<p>stipulated time limit.</p> <p>For your kind information, the Financial Statements for the F.Y. 2016-17 after approval by the Board on 13th August, 2018 have been submitted to the CAG. Further, after receipt of the comments from the CAG on 22nd April, 2019, the members fo the Company in their Annual General Meeting held on 31st August, 2019 have duly approved and adopted the financial statements of the Company for the financial year 2016-17 along with the Reports of the Directors, Auditors and CAG thereon.</p> <p>Due to cascading effect of the above, there has been delay in preparation of the Financial Statements for the F.Y. for the F.Y.2017-18 & 2018-19. For your kind information. The Financial Statements for the F.Y. 2017-18 after approval by the Board on 27th July, 2019 have been submitted to the CAG. Further, after receipt of the comments from the CAG on 18th June, 2020 have duly approved and adopted the financial statements of the company for the financial year 2017-18 along with the Reports of the Directors, Auditors and CAG thereon.</p> <p>Further, the Financial Statements for the F.Y. 2018-19 have been approved by the Board of Directors of the Company in tis meeting held on 15th April, 2020 Subsequently, the above Financial Statements for the F.Y. 2018-19 were submitted to the CAG. Presently, the comments of the CAG on the above financial statements for the financial year 2018-19 are awated.</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 2018-19.</p>
<p>Para 5f & 5g</p>	<p>a) There was delay in filing of Cost Audit Report with the Central Government for the Financial Year 2018-19.</p> <p>b) There was delay in appointment of Cost Auditor for the financial year 2019-20.</p>	<p>Due to implementation of new accounting standards from the financial year 2016-17, the preparation of accounts for the financial year 2016-17, 2017-18 & 2018-19 have been delayed. Due to delay in finalization of the accounts for the financial year 2016-17. 2017-18 & 2018-19 the finalization of cost records for the financial year 2016-17, 2017-18 & 2018-19 also got delayed.</p>

		<p>As a result of the above there was also delay in the appointment for Cost Auditor for the financial year 2017-18. Subsequently, the Board of Directors of the Company, in its meeting held on 13th August, 2018 has appointed M/s S.N. & Co. Cost Accountant, for the financial year 2017-18.</p> <p>Due to cascading effect of the above, the preparation of accounts for the financial year 2017-18 & 2018-19 have been delayed. Due to the above delay, the finalization of cost records for the financial year 2017-18 & 2018-19 also got delayed.</p> <p>Further, the Cost Audit Report for the F.Y. 2017-18 & 2018-19 have been approved by the Board of Directors of the Company in its meeting held on 15th April, 2020 & 20th June, 2020 respectively, and the same has been filed through Form CRA-4 to the Central Government on 29th May, 2020 & 3rd July, 2020.</p> <p>Due to unavoidable circumstance, the appointment of Cost Auditor for the financial 2019-20 also got delayed. Subsequently, the Board of Directors of the Company, in its meeting held on 18th October, 2019, has appointed M/s RM Bansal & Co., Cost Accountant, for the financial year 2019-20.</p>
Para 5h	The Company has not conducted Board Meeting within 120 days from 101 st Board Meeting dated 15 th November, 2019 as required under Section 173 of Companies Act, 2013.	The 101 st Board Meeting was conducted on 15 th November, 2019 Accordingly, as per the provision of the Companies Act, 2013, the next 102 nd Board Meeting was required to be convened on or before 14 th March, 2020. However, due to non-availability of directors and frequent changes in the Board of Directors, the meeting could not be conducted within the above stipulated time limit. Subsequently, the Company had convened the 102 nd Board Meeting on 15 th April, 2020.
Para 5i	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), 56, 57(2), 58(1)(d) of Securities and Exchange Board of India (Listing Obligations and	Necessary measures being taken on sustained basis.

	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.	
Para 16	The Board of Directors of the Company is duly constituted except appointment of Independent Directors.	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 2019-20. Further, w.e.f. 1st April, 2021 this provision is not applicable on the Company
Para 18	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**

ANNEXURE 'F'

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Company
(Management & Administration) Rules, 2014**

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U40108CT2003SGC015822
2.	Registration Date	19 th May, 2003
3.	Name of the Company	M/s Chhattisgarh State Power Distribution Company Limited
4.	Category / Sub-category of the Company	Company Limited by Shares State Government Company
5.	Address of the Registered office & contact details	VidyutSewaBhawan, Dangania, Raipur (C.G.) - 492013 Office: (0771) 2574200 Fax: (0771) 4066566 E-mail - mddiscom@cspc.co.in Website- www. cspdcl.co.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Beetal Financial & Computer Services Pvt. Ltd. BEETAL House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada HarsukhhasMandir New Delhi - 110 062. Ph: 011-29961281 - 83, Fax - 011-29961284 E-mail:- beetal@beetalfinancial.com; beetalrta@gmail.com,

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Main Activity group code Description	Description of Main Activity group	Business Activity Code	Description of Business Activity	% to total turnover of the
1.	D	Electricity, gas,	D1	Electric power	100%

	steam and air condition supply		generation, transmission and distribution	
--	--------------------------------	--	---	--

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY -

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	M/s Chhattisgarh State Power Holding Company Limited Registered Office Address: VidvatSewaBhawan	U65993CT2008SGCo20995	Holding Company	100.00%	Section 2 (46) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies	-	2263103	226310323	100	-	2263103	2263103	100	0%

Corp. (Govt. Co.)		232	2	%		232	232	%	
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (1):	-	2263103 232	226310323	100 %	-	2263103 232	2263103 232	100 %	0%
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2):	-	-	-	-	-	-	-	-	-
Total Shareholdin g (A) = (A)(1)+ (A)(2)	-	2263103 232	226310323	100 %	-	2263103 232	2263103 232	100 %	0%
B. Public Shareholdin g									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-

Nationals									
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2263103232	2263103232	100%	-	2263103232	2263103232	100%	0%

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	M/s Chhattisgarh State Power Holding Company	2263103172	100.00%	-	2263103172	100	-	0%

	Ltd.							
2.	ShriSandeepModi (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0.00%	-	10	0.00 %	-	0%
4.	Shri G.C. Mukherjee (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0.00%	-	10	0.00 %	-	0%
6.	Shri Amitabh Jain, IAS, (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0.00%	-	10	0.00 %	-	0%
8.	ShriShailendra Kumar Shukla (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0.00%	-	10	0.00 %	-	0%
9.	Shri Gaurav Dwivedi, IAS, (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0.00%	-	10	0.00 %	-	0%
10.	Shri Mohammad Qaiser Abdulhaque, IAS, (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0.00%	-	10	0.00 %	-	0%
TOTAL		2263103232	100%	-	2263103232	100 %	-	0%

C) Change in Promoters' Shareholding:

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2263103232	100%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	NIL	
	At the end of the year	2263103232	100%		

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL			

Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	
At the end of the year	

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

V. **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of				

the financial year -				
i) Principal Amount	14228715273	856327827	-	15085043100
ii) Interest due but not paid	1265737324	267838215	-	1533575539
iii) Interest accrued but not due	92551635	-	-	92551635
Total (i+ii+iii)	15587004232	1124166042	-	16711170274
Change in Indebtedness during the financial year				0
* Addition	6465405927	66673044.35	-	6532078971
* Reduction	2232799008	979178495	-	3211977503
Net Change	4232606919	-912505451	-	3320101467
Indebtedness at the end of the financial year -				0
i) Principal Amount	18133573305	211660591	-	18345233896
ii) Interest due but not paid	1686037846	-	-	1686037846
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	19819611151	211660591	-	20031271742

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name			Total Amount
		Shri Mohammed Qaiser Abdul Haque, Managing Director	Shri Hemraj Narware, Whole-Time Director	Shri G.C. Mukherjee, Whole-Time Director	
1	Gross salary	-	31,82,552.00	31,09,252.00	62,91,804
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission- as % of profit -	-	-	-	-
5	Others (Reimbursement of medical & other expenses)	-	-	-	-
	Total (A)	-	31,82,552.00	31,09,252.00	62,91,80
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other directors -

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	NIL	NIL
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors	NIL	NIL
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		

Total (B)=(1+2)	
Total Managerial Remuneration	
Overall Ceiling as per the Act	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		SANDEEP MODI (01.04.2019 to 10.10.20219) CFO	Y.B JAIN (from 18.10.2019) CFO	
1	Gross salary	18,00,726.00	19,16,542	37,17,268.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	18,00,726.00	19,16,542	37,17,268.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: RAIPUR (C. G.)

DATE:- 08.07.2023



(ANKIT ANAND)
CHAIRMAN
DIN: 07415193