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छत्तीसगढ़ स्टेट पॉवर डिस्ट्रीब्यूशन कंपनी लिमिटेड

DIRECTOR'S REPORT

2020-2021



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

(A Government of Chhattisgarh undertaking)

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

CIN: L40108CT2003SGC015822, Email ID: mddiscom@cspc.co.in

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 CompanyLtd.
Raipur (C.G.)

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

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, 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, 2021. Further, the paid up share capital at the end of the financial year under review stood at Rs. 2263.10 Crore divided into 226.31 Crore equity shares of Rs.10/- each.

3) FINANCIAL RESULTS:

(Rs. in Crore)

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

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

4) REVIEW OF PERFORMANCE:

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

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

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

6) OPERATIONAL PERFORMANCE:

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

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

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

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

◆ **Normal Development Work:**

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

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

◆ **Electrification of Irrigation Pumps**

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

◆ **B.P.L Connection**

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

7) **FUTURE PROSPECTS & PLANS:**

HVDS scheme:- The High Voltage Distribution System scheme, as the name suggests, has the great scope of T&D loss reduction by covering the existing LT network 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) Dn Mahasamund, out of 95 no feeder, work in 80 feeder has been completed.

R-APDRP Part B:- To reduce line losses in 21 towns (for which 19 DPR Sanction) having population more than 30000 as scheme worth Rs 710.24 Crs has been sanctioned for new 33/11 KV for line extension work, cable 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.N.	Particulars	Unit	Provision	Completed
1	33/11 KV Substation	No	32	32
2	33 KV line	KM	270	218
3	11 KV line	KM	672	646
4	LT line	KM	147	49

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

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

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

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

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

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

REVAMPED DISTRIBUTION SECTOR SCHEME

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

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

2. The Scheme has the following parts-

PART-A

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

PART-B

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

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

8) IMPROVEMENT INITIATIVES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following works has been done under ERP Upgradation: -

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

9) DIVIDEND

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

10) TRANSFER TO RESERVES:

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

11) PUBLIC DEPOSIT:

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

12) DIRECTORS & KEY MANAGERIAL PERSONNEL:

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

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

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

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

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

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

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

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

13) DECLARATION BY INDEPENDENT DIRECTOR:

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

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

16) AUDIT COMMITTEE :

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

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

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

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

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

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

Further, as stated in point no. 12 of the Board's Report, the provision for constitution of Audit Committee is not applicable on your Company w.e.f. 1st April, 2021. Keeping in view the above provision, the Board of Directors of the Company, in its meeting held on 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 2020-21.

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

18) CORPORATE SOCIAL RESPONSIBILITY (CSR) :

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

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

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

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

19) RISK MANAGEMENT:

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

20) STATUTORY AUDITOR:

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

21) REPORT/COMMENTS OF THE AUDITORS /CAG:

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

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

22) REPORTING OF FRAUD:

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