

C PDCL

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) 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.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.