

**KUMAR RAJESH & ASSOCIATES**  
*Chartered Accountants*

30, Ashirwad Towers, G.E. Road, Raipur (C.G.)  
Phone No. (O) 2539805, 3209805

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**

We have audited the accompanying financial statements of CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH'2013

₹ in lac

Particulars	Note	Current Year 31.03.2013	Previous Year 31.03.2012
<b>INCOME</b>			
Revenue From Operations (Gross)	8.1	636,472.53	480,987.81
Less: Excise Duty		-	-
Revenue From Operations (Net)		636,472.53	480,987.81
Other income	8.2	8,956.77	5,033.02
<b>Total Revenue</b>		<b>645,429.30</b>	<b>486,020.83</b>
<b>EXPENDITURE</b>			
Cost of Power Purchase	9.1	603,915.10	527,408.16
Employee benefits expense	9.2	66,297.14	196,987.52
Finance costs	9.3	12,966.50	8,285.98
Depreciation and amortization expense	6.1	15,115.74	13,014.54
Other expenses	9.4	21,674.89	17,801.25
<b>Total expenses</b>		<b>719,969.37</b>	<b>763,497.45</b>
<b>Net Profit/(Loss) Before Income Recoverable from Future Tariff</b>		<b>(74,540.07)</b>	<b>(277,476.62)</b>
Add: Income recoverable from Future Tariff (Refer Note No.22)		26,064.00	69,300.00
<b>Net Profit/(Loss) Before Prior Period Adjustment</b>		<b>(48,476.07)</b>	<b>(208,176.62)</b>
Prior Period Income /(Expense)	10	(1,342.55)	916.86
<b>Net Profit/(Loss) Before Tax</b>		<b>(49,818.62)</b>	<b>(207,259.76)</b>
<b>Tax expense</b>			
(1) Current tax		-	-
(2) Deferred tax		-	(6,032.49)
(3) Income tax Arrears		-	-
<b>Profit (Loss) for the period</b>		<b>(49,818.62)</b>	<b>(201,227.27)</b>
<b>Earnings per equity share:</b>			
(1) Basic	11	(2.24)	(10.31)
(2) Diluted	11	(2.24)	(10.31)

Significant Accounting Policies & Notes to Financial Statements 1 to 37

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, Kumar Rajesh & Associates

FRN No. 006002C

Atal Singh Hanspal  
Partner  
Membership No. 079717  
Place: Raipur (CG)  
Date: 22-11-2013



For and on behalf of the Board of Directors of  
Chhattisgarh State Power Distribution Company Limited

Managing Director

Director

### *Basis for Qualified Opinion*

*Major comments and observations based on our audits 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 value of assets/liabilities is ₹ 117.95 Crore and also there are cases as stated in para below wherein the quantum of impact though material is unascertainable. The distinguished reasons have been mentioned in our note below:*

- a. Company has provided its share of deficit of pension & gratuity liabilities amounting to ₹ 1347.22 Cr, as per Actuarial Valuation carried out for 31st March'11, (Refer Note No.20 of the financial statement). It has been informed that actuarial valuation for pension & gratuity liabilities as at 31st March'2013 and 31st March'2012 is still under process, the incremental liability as on the balance sheet date i.e. 31st March'13 is therefore unascertainable, and accordingly there is an understatement of loss with corresponding understatement of liability to that extent and non compliance of Accounting Standard 15 issued by ICAI regarding "Employee Benefits".*
- b. Company has adopted cash system for accounting of earned leaved encashment to its retiring employees which in our opinion is not in accordance with mandatory Accounting Standard 15 issued by ICAI regarding "Employee Benefits". In the absence of necessary information, the quantum of such liability as at 31st March'2013 is indeterminate.*
- c. Capital Work in progress includes old estimate amounting to ₹ 574.96 cr being work outstanding for more than three years as at 31st March'13. In our opinion, the management should identify those works which though have been completed are pending for capitalization. In the absence of necessary information, the impact in the statement of profit and loss due to non-charging of depreciation is unascertainable.*
- d. Company has adopted cash system for accounting of delay payment surcharge from High Tension Consumers which in our opinion is not in accordance with mandatory Accounting Standard 9 issued by ICAI and accordingly, there is an overstatement of loss with corresponding understatement of debtors to the tune of ₹ 117.95 cr. (Also refer note no. No. 24 of the financial statement)*
- e. Pursuant to disclosure under note no.30 of the financial statement, balances of State Government Loan, Bonds and Debentures, Loans and Advances (assets and liabilities) , Sundry Creditors, Inter-company balances are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non recovery or partial recovery of such dues is not ascertained. Thus we are unable to comment upon the impact thereof on the accounts and the loss for the period.*
- f. Bank balances includes bank account maintained at Regional Accounting Offices, the same are subject to reconciliation.*
- g. Attention is invited to note no.22 of the Financial statement regarding accounting of regulatory asset wherein CSERC vide para no. 6.314 & 6.315 and table no.163 of its tariff order for the year 2012-13, has allowed revenue deficit of ₹ 693 cr pertaining to FY 2011-12 to be carry forward for adjustment against tariff of subsequent financial year. Further, CSERC vide para no. 9 and table no.216 of its MYT order for the year 2013-14, has allowed an amount of ₹ 465 cr. received by CSPDCL from Government of Chhattisgarh to be adjusted against the said regulatory asset. Further, CSERC has allowed cumulative revenue deficit upto 31st March'2013 amounting to ₹ 488.64 cr to be carry forward for adjustment against tariff of FY 2013-14. Accordingly, the company has credited its Profit and Loss Account by ₹ 260.64 cr. and debited Sundry Debtors to that extent.*



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the comment under *Basis for Qualified Opinion above*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the *Annexure*, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
  - d. In our opinion and subject to comment under *Basis for Qualified Opinion paragraph above*, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. The company being a Government company, in view of the Notification No. GSR 829(E) dated 21/10/2003, issued by the Government of India, the provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.

Place: Raipur  
Date: 22.11.2013

For Kumar Rajesh & Associates  
Chartered Accountants  
FRN No. 006002C



*Atal Singh Hanspal*  
Atal Singh Hanspal  
Partner  
Membership No. 079717

## Annexure

Referred to paragraph 3 of our report of even date:

- i) (a) The Company has maintained records showing location wise details fixed assets. *However, quantitative details are not mentioned in the fixed asset register.*
- (b) The management has explained that physical verification of fixed asset is a perpetual process undertaken at divisional and sub-divisional level. *As the relevant records for the physical verification were not produced before us for our review, we are not in a position to comment thereon.*
- (c) As explained to us, the company has not dispose off any substantial part of its fixed asset during the year so as to affect its going concern status.
- ii) (a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at respective stores.
- (b) Based on our test check, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) Based on our test check, 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;
- iii) (a) As explained to us the company has not granted any loan either secured or unsecured to Companies, firms and other parties covered in the register maintained under section 301 of Companies Act, 1956. In the view of the (a) above, sub-clauses (b) (c) and (d) are not applicable.
- (e) In our opinion and according to the information and explanation given to us, the company has not taken any loan, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of Companies Act, 1956. In the view of (e) above, sub-clauses (f) and (g) are not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of electricity and services. *However, the internal controls for the maintenance and supervision of the party-wise and age-wise details of liabilities and assets and settlement of advance payment to contractor/ supplier need to be strengthened.*

Further, on the basis of our test check carried out in accordance with the auditing standard generally accepted in India of books and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.



- v) (a) As per the information and explanation given to us Based on the legal opinion obtained by the company, the transaction pursuant to these contract and / or arrangement are not falling under the provision of section 301 of Companies Act, 1956 and accordingly these transactions are not entered into Register maintained under section 301 of Companies Act,1956. The company has not entered into any such transactions that are required to be entered into the register in pursuant of section 301 of the Act.
- (b) In the view of (a) above, sub-clause (b) is not applicable.
- vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provision of the Companies Act, 1956, rules framed there under.
- vii) The company does not have a formal internal audit system however the Management has explained that the company has a system in place for internal controls and check on the maintenance of accounts and operations of the company. The management has further explained that in order to supplement the internal audit system, Revenue Leakage Audit and Expenditure Audit for the period under review was outsourced to professional firms, however, the same has been conducted after the balance sheet date. The management is in the process of studying the observation made in such reports. In our opinion and considering the size and geographical location of the offices of the company, the internal audit function especially substantial part of revenue leakage audit should be completed and placed for verification before finalization of statutory audit.
- viii) *The company is in process of preparing books of account for FY 2012-13 required to be maintained pursuant to the rules made by the Central Government, for the maintenance of cost record under clause (d) of sub section (1) of sec. 209 of the Companies Act 1956. The cost audit for FY 2011-12 is under process.*
- ix) (a) According to the information and explanation given to us in respect of statutory and other dues. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor's education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess and other statutory dues as applicable to it. According to the information and explanation given to us, no undisputed amount payable in respect of above statutory dues, were in arrears as at 31st March 2013. For a period of more than six months from the date they became payable.
- (b) *Except and otherwise, contingent liability stated in Note no. 12 of the notes to financial statement* there are no dues of CSPDCL for Custom Duty, Wealth Tax, Service Tax and Cess, which have not being deposited on account of any dispute.
- x) *The accumulated losses are more than the net worth of the Company and Cash Losses have been incurred in the current and previous financial years.*
- xi) Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank in respect of the existing loans, which are originally raised by the company or the erstwhile board.



- xii) In our opinion and according to the information given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provision of any statues applicable to Chit fund, Nidhi and Mutual benefit funds/ societies is not applicable to the company.
- xiv) In our opinion and according to information and explanation given to us the company is not dealing of trading in shares, securities, debentures or other investments.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) On the basis of records examined by us, and relying on the information compiled by the company for co-relating funds raised for the end use of the Term loan, the Company has, prima-facie, applied the loans for the purpose for which they were obtained.
- xvii) According to the information and explanation given to us, and overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- xviii) Based on a legal opinion obtained by the company, the provisions of section 301 of the Companies Act, 1956 are not applicable to the company. In view of the above, this clause is not applicable.
- xix) The liabilities under debenture/bonds have been transferred to CSPDCL on restructuring erstwhile CSEB. As informed by the management, bonds and debentures are issued by erstwhile MPEB which was allocated to erstwhile CSEB on reorganization of the state of Madhya Pradesh. As informed by the management, these bonds/debentures are secured against guarantee of Government Madhya Pradesh.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) We have informed that the vigilance department of the company is regularly investigating frauds and other irregularities involved in the company's transaction. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

Place: Raipur

Date: 22-11-2013

For Kumar Rajesh & Associates  
Chartered Accountants  
FRN No. 006002C

*Atal Singh Hanspal*

Atal Singh Hanspal  
Partner  
Membership No. 079717



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

BALANCE SHEET AS AT 31 ST MARCH'2013

Particulars	Note	₹ in lac	
		Current Year 31.03.2013	Previous Year 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1	201,310.32	186,310.32
Reserves and surplus	3.2	(286,917.04)	(256,133.88)
Share Application Money Pending Allotment	3.3	31,326.25	21,326.25
<b>Non-current liabilities</b>			
Long-term borrowings	4.1	68,741.19	48,116.22
Long-term provisions	4.2	174,521.75	174,552.04
<b>Current liabilities</b>			
Short-term borrowings	5.1	31,705.50	8,674.89
Trade payables	5.2	198,605.86	202,368.21
Other Current Liabilities	5.3	203,289.83	165,167.81
Short-Term Provisions	5.4	13,455.56	13,381.24
<b>TOTAL</b>		<b>636,039.23</b>	<b>563,763.10</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	6.1	192,812.27	164,711.96
Intangible Assets	6.1	828.10	1,005.55
Capital Work-in-Progress	6.1	120,385.79	118,028.97
Non-Current Investments	6.2	130.00	130.00
Deferred tax assets (Net)	6.3	-	-
Long-term Loans and Advances	6.4	3,543.85	985.79
Other Non-Current Assets	6.5	38,455.55	108,173.92
<b>Current assets</b>			
Inventories	7.1	10,622.01	10,377.02
Trade receivables	7.2	133,563.10	109,500.76
Cash and Bank Balances	7.3	38,802.76	28,751.55
Short-term Loans and Advances	7.4	970.71	891.61
Other Current Assets	7.5	95,925.10	21,205.97
<b>TOTAL</b>		<b>636,039.23</b>	<b>563,763.10</b>
Significant Accounting Policies & Notes to Financial Statements	1 to 37		

The accompanying notes are integral part of the Financial Statements

As per our report of even date  
For, Kumar Rajesh & Associates  
FRN No. 006002C

Atal Singh Hanspal  
Partner  
Membership No. 079717  
Place: Raipur (CG)  
Date : 22-11-2013



For and on behalf of the Board of Directors of  
Chhattisgarh State Power Distribution Company Limited

Managing Director

Director



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
CASH FLOW STATEMENT FOR THE YEAR 2012-2013

₹ in lac

	Current Year 2012-13 Amount in Rs.		Previous Year 2011-12 Amount in Rs.
Cash flow arising from Operating Activities			
Net Profit before Tax and Exceptional items as per Statement of Profit and Loss:	(74,540.07)		(277,476.62)
Add / (Deduct) :			
Depreciation and Amortisation expenses	15,115.74		13,023.29
Interest Income	(1,617.88)		(827.65)
Interest Expenses	5,301.27	18,799.13	3,308.61
Operating cash profit before working capital changes	(55,740.94)		(261,972.37)
Add / (Deduct) :			
Increase / (Decrease) in Short Term Borrowing	23,030.61		8,141.41
Increase / (Decrease) in Trade Payables	(3,762.35)		121,885.17
Increase / (Decrease) in Other Current Liabilities	38,122.02		19,929.77
Increase / (Decrease) in Short Term Provisions	74.32		578.21
(Increase) / Decrease in Inventories	(244.99)		1,870.44
(Increase) / Decrease in Trade Receivable	(24,062.34)		(9,512.81)
(Increase) / Decrease in Short Term Loans & Advances	(79.10)		11,717.09
(Increase) / Decrease in Other Current Assets	(85,800.58)	(52,722.41)	(16,318.03)
Cash generated from operations	(108,463.35)		(123,681.14)
Direct Taxes			
Cash flow before considering Income Recoverable from Future Tariff	(108,463.35)		(123,681.14)
Add: Income Recoverable from Future Tariff	26,064.00		69,300.00
Cash flow before prior period adjustments	(82,399.35)		(54,381.14)
Add: Prior Period Income/( Expense)	(1,342.55)		916.86
Net Cash Flow before Exceptional Items	(83,741.90)		(53,464.28)
Add / (Deduct) :			
(Increase) / Decrease in Long Term Loans & Advances	(2,558.06)		809.86
Increase / (Decrease) in Other Long term Borrowings	20,624.98		3,682.40
Increase / (Decrease) in Other Long term Provisions	(30.28)		136,315.12
(Increase) / Decrease in Other Non Current Assets	69,718.38	87,755.02	(71,609.31)
Net Cash Inflow/(outflow) in the course of operating activities after exceptional items and after adj. of Other Non Current Assets & Liabilities	4,013.12		15,733.80
Cash flow arising from Investing Activities			
Inflow:			
Sale of fixed assets	-		36.34
Interest Income	1,617.88	1,617.88	827.65
Outflow:			
Acquisition of fixed assets	(43,038.62)		(42,026.51)
Net Investment in Capital WIP	(2,356.82)		2,451.05
Sale/(Addition) of Investment	-	(45,395.44)	-
Net Cash inflow/ (Outflow) in the course of Investing Activities	(43,777.56)		(38,711.47)
Cash flow arising from Financing Activities			
Inflow :			
Increase in Equity Capital (net of reduction in share application money pending allotment)	25,000.00		16,305.32
Increase/(Decrease) in Consumer cont. towards cost of capital asset	1,695.89		1,321.32
Increase/(Decrease) in COCG cont. towards cost of capital asset	17,339.57	44,035.46	10,311.72
Outflow :			
Interest Paid	(5,301.27)		(3,308.61)
Net Cash from Financing Activities	38,734.19		24,629.75
Net increase in Cash and Cash Equivalents ( A+B+C)	(1,030.25)		1,652.08
Cash & Cash Equivalents ( Opening )	19,783.00		18,130.92
Cash & Cash Equivalents ( Closing )	18,752.76		19,783.00

As per our report of even date  
For, Kumar Rajesh & Associates  
FRN No. 006002C

For and on behalf of the Board of Directors of  
Chhattisgarh State Power Distribution Company Limited

Atal Singh Hanspal  
Partner  
Membership No. 079717  
Place: Raipur (CG)  
Date: 22-11-2013



Managing Director

Director

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

NOTE 3: SHAREHOLDER'S FUNDS

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amount	Number	Amount
<b>Authorised Shares</b>				
Equity Shares of Rs.10 par value	3,300,000,000	330,000.00	2,300,000,000	230,000.00
<b>Issued, Subscribed &amp; Fully Paid Up</b>				
Equity Shares of Rs.10 each	2,013,103,232	201,310.32	1,863,103,232	186,310.32
<b>Total</b>	<b>2,013,103,232</b>	<b>201,310.32</b>	<b>1,863,103,232</b>	<b>186,310.32</b>

The company is a State Government undertaking and a wholly owned subsidiary of Chhattisgarh State Power Holding Co. Ltd.

The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity share is entitled for dividend and one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining asset of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders

**Details of Shares Held by Holding Company**

Particulars	Nature of Relationship	As at 31 March 2013	As at 31 March 2012
		Number	Number
<b>Equity Shares</b>			
Chhattisgarh State Power Holding Co. Ltd.	Holding Company	2,013,103,232	1,863,103,232
		2,013,103,232	1,863,103,232

**Reconciliation of the number of Shares Outstanding**

Particulars	Equity Shares	
	As at 31 March 2013	As at 31 March 2012
	Number	Number
	1,863,103,232	50,000
Shares outstanding at the beginning of the year		
Shares issued during the year	150,000,000	1,863,053,232
Shares bought back during the year	-	-
Any other movement (please specify)	-	-
Shares outstanding at the end of the year	2,013,103,232	1,863,103,232

**Disclosure relating to shareholder holding more than 5% of the equity.**

Name of Shareholder	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chhattisgarh State Power Holding Company Ltd	2,013,103,232	100	1,863,103,232	100



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 3.2: RESERVES & SURPLUS

₹ in lac

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
<b>a. GOCG Contribution towards cost of Capital Assets</b>		
Balance as per last financial statements	28,501.02	18,189.30
Add: Received during the year	18,966.56	10,125.27
Less: Amortized during the year	1,626.99	(186.45)
	<u>45,840.59</u>	<u>28,501.02</u>
<b>b. Consumer Contribution towards cost of Capital Assets</b>		
Balance as per last financial statements	4,229.40	2,908.08
Add: Received during the year	1,920.37	1,507.78
Less: Amortized during the year	224.48	186.46
	<u>5,925.29</u>	<u>4,229.40</u>
<b>c. Surplus</b>		
Balance as per last financial statements	(288,864.30)	(87,637.03)
Profit for the year	(49,818.62)	(201,227.27)
Closing Balance	<u>(338,682.92)</u>	<u>(288,864.30)</u>
<b>Total</b>	<b>(286,917.04)</b>	<b>(256,133.88)</b>

Note 3.3: SHARE APPLICATION MONEY PENDING ALLOTMENT

₹ in lac

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
Share Application Money Pending Allotment	31,326.25	21,326.25
<b>Total</b>	<b>31,326.25</b>	<b>21,326.25</b>

- a. The Government of Chhattisgarh vide notification no.2020/F-21/13/09/13/2/ED dt.29<sup>th</sup> October'2010 has notified the opening balance sheet as on 01st January'2009 of CSPDCL (also refer note no.18), wherein, Government has proposed an equity share capital of ₹1913.26 cr. Further, it has been stipulated that said equity shall be issued in favour of Chhattisgarh State Power Holding Co. Ltd
- b. As per the said notification, figures derived for opening balance sheet are from the unaudited balance sheet of erstwhile CSEB as on 31st December'2008 and are subject to audit by the Comptroller and Auditor General of India. Accordingly, opening balances notified by the government are subject to modifications, if any, arising during the course of statutory audit. Audit of erstwhile CSEB has been finalized by CAG during the month of 17th May'2012, however revision in opening balance sheet is yet to be notified by Government.
- c. Accordingly, Company has issued equity to the extent of ₹1850.00 cr at face value of Rs.10 per share to CSPHCL and withheld balance of ₹63.26 cr. as share application till final notification of opening balance.
- d. The State Government has infused an amount of ₹250 cr. during FY 2012-13 as share application through CSPHCL against which, allotment will be made during FY 2013-14.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

NOTE 4: NON CURRENT LIABILITIES

Note 4.1: LONG TERM BORROWINGS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Secured Loans</b>		
Rupee Term Loan from Power Finance Corporation Limited <i>Refer Note A below for nature of security and terms of repayment</i>	16,955.54	4,534.61
Rupee Term Loan from Rural Electrification Corporation Limited <i>Refer Note B below for nature of security and terms of repayment</i>	29,525.84	17,388.22
<i>The charge/mortgage created against assets of the Company as securities in respect of the loans including debentures, taken by the erstwhile Chhattisgarh State Electricity Board, which are subsequently transferred to the Company on December 31, 2008 pursuant to the transfer scheme notified by the State Government, continues to be valid and binding on the Company.</i>		
<b>Unsecured Loans</b>		
Loans from State Government (including APDRP Loan) <i>(The above unsecured loan from Govt of Chhattisgarh is repayable in equated annual installment of Rs.29 cr. The applicable ROI is 8.9% per annum.)</i>	11,552.82	14,472.82
Loans from Chhattisgarh State Power Holding Company Limited <i>(The above unsecured loan from CSPHCL is repayable in 12 monthly installments commencing from 15th April'2013. The applicable ROI is Nil per annum.)</i>	10,706.99	11,720.57
<b>Total</b>	<b>68,741.19</b>	<b>48,116.22</b>

**Nature of Security**

**A. Against Loan from Power Finance Corporation:**

Term Loan from Power Finance Corporation amounting to ₹169.56 cr. (PY ₹45.35 cr) (including current maturities) are secured by first charge in favour of the corporation by way of hypothecation on the newly financed assets under the project and part of existing asset.

**Terms of Repayment**

The repayment will be made annually in equal monthly installments together with interest on the outstanding balance commencing after the expiry of moratorium period. There will be moratorium on repayment of principal and interest on loan for the sanction period of execution which shall in no case exceeds 3 years. The tenure of loan is for 10 years including moratorium period and at ROI of 11.5% pa. The company has drawn only the first phase of its sanctioned limit and assets acquired under project are still under implementation stage.

**B. Against loan from Rural Electrification Corporation:**

Term loan from rural electrification corporation amounting to ₹295.26 cr. (PY ₹173.88cr.) are secured by way of Mortgage / Hypothecation of future assets so created out of loan amt sanctioned for the project subject value being 110% of the loan amount so sanctioned.

The loan will be repayable in 13 year including moratorium period of 3 year in quarterly installments starting from April'14. Loan wise detail of applicable ROI is mentioned herein below:

Loan No.	ROI	Bal as at Mar'13 ₹ in cr
305-2010-3680	11% - 12.25%	10.48
305-2010-3701-4	11% - 12.25%	93.80
305-2010-3705-6	11.50% - 12.25%	31.84
305-2010-3765	12.25%	18.20
305-2010-3773	12.25%	18.02
305-2010-3775	12.25%	11.93
305-2010-4139	12.25%	23.09
305-2010-4148	12.25%	11.69
305-2010-4149	12.25%	15.14
305-2010-4150	12.25%	14.66
305-2010-4241	12.25%	25.61
305-2011-4918	12.25%	2.50
305-2011-5948	12.25%	18.30
<b>Total</b>		<b>295.26</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 4.2: LONG TERM PROVISIONS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Provision for employee benefits		
Provision For Pension & Gratuity	174,521.75	174,552.04
<b>Total</b>	<b>174,521.75</b>	<b>174,552.04</b>

NOTE 5: CURRENT LIABILITIES

Note 5.1: SHORT TERM BORROWINGS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Secured</b>		
Loans repayable on demand from Bank		
Cash Credit Limits:		
Bank of India, Raipur (Against Hypothecation of stocks and Fixed Assets of the Company)	1.16	3,613.91
Union Bank of India (Against Hypothecation of Book Debts and Guarantee from State Government)	27,886.70	-
<b>Overdraft Limit:</b>		
Oriental Bank of Commerce (Against Lien on Fixed Deposits)	2,155.37	5,030.85
Union Bank of India (Against Lien on Fixed Deposits)	-	14.36
Bank of Baroda (Against Lien on Fixed Deposits)	1,604.04	-
Bank of India, Raipur (Against Lien on Fixed Deposits)	58.23	15.77
<b>Total</b>	<b>31,705.50</b>	<b>8,674.89</b>

Note 5.2: TRADE PAYABLES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Trade Payables against Electricity, Stores and O&M Supplies	198,605.86	202,368.21
<b>Total</b>	<b>198,605.86</b>	<b>202,368.21</b>

Regarding disclosure on Micro Small and Medium Enterprises refer note no.33.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 5.3: OTHER CURRENT LIABILITIES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>a. Current Maturities of Long Term Debts</b>		
Bonds	-	115.34
Debentures	780.78	780.78
Loans from State Government (including APDRP Loan)	2,920.00	2,919.95
Other Loans	29.14	29.14
	<b>3,729.92</b>	<b>3,845.21</b>
b. Interest accrued and due on borrowings	1,041.54	934.57
c. Interest payable on Consumer's Deposits	4,311.28	3,468.06
<b>d. Other Payables</b>		
Deposit Works	24,929.74	15,271.19
Deposits & Retentions from Contractors & Suppliers	10,635.71	3,291.07
Deposits from Consumers	123,277.85	98,692.39
Unspent Fund Under RGGVY Scheme	19,026.53	19,806.51
Unspent Fund Under APDRP Scheme	1,003.00	-
Other Liabilities including Employees Related Liabilities	4,585.74	4,412.40
Liability for Electricity Duty	2,165.97	7,578.41
Liability for Electricity Cess	1,038.82	286.83
<b>Inter Company Payable Account</b>		
Chhattisgarh State Power Holding Company Limited (Holding Co.)	7,543.73	7,581.17
	<b>194,207.09</b>	<b>156,919.97</b>
<b>Total</b>	<b>203,289.83</b>	<b>165,167.81</b>

Note 5.4: SHORT TERM PROVISIONS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Provision for employee benefits</b>		
Provision for DA Arrears	532.96	481.97
Provision for Ex Gratia	522.60	499.27
Contribution towards Pension and Gratuity Liability of Retired Employees	12,400.00	12,400.00
<b>Total</b>	<b>13,455.56</b>	<b>13,381.24</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

NOTE 6: NON CURRENT ASSETS

Note 6.1: FIXED ASSETS

Note 6.1 (a): Tangible Assets

Particular	Gross Block		Accumulated Depreciation		NET BLOCK	
	Balance as at 1st April 2012	Additions	Deletions/Transfer*	Balance as at 31st March 2013	Deletions/Transfer*	Balance as at 31st March 2013
<b>Tangible Assets (Under Lease)</b>						
Leasehold Land	141.79	-	-	141.79	3.05	117.70
<b>Tangible Assets</b>						
Land	101.16	-	-	101.16	-	101.16
Factory Buildings	831.92	-	-	831.92	27.77	534.51
Office Buildings	996.72	26.26	-	1,022.98	33.30	181.01
Residential & Other Buildings	1,238.59	-	-	1,238.59	41.36	849.01
Hydraulic Works	63.84	-	-	63.84	2.58	728.47
Roads & Others	125.56	-	-	125.56	3.80	32.18
Plant, Machinery & Equipments	80,151.54	9,277.69	-	89,429.23	4,214.83	96.70
Lines & Cable Networks	174,012.83	33,389.41	-	207,402.24	9,916.62	52,604.20
Furniture and Fixtures	184.86	20.35	-	205.21	7.52	130,292.16
Office Equipments	269.77	128.13	(0.42)	397.48	9.47	78.49
Vehicles	254.04	-	-	254.04	0.06	191.23
<b>Others</b>						
Computer (Hardware, Software & Peripherals)	4,453.96	198.19	(1.13)	4,651.02	677.93	26.13
<b>Total (i)</b>	<b>262,826.58</b>	<b>43,040.03</b>	<b>(1.55)</b>	<b>305,865.06</b>	<b>14,938.29</b>	<b>2,104.49</b>
<b>Previous Year (i)</b>	<b>222,029.94</b>	<b>40,843.51</b>	<b>(46.88)</b>	<b>262,826.57</b>	<b>12,837.09</b>	<b>192,812.27</b>

\* Pertains to Computer transfer to Chhattisgarh State Power Transmission C. Ltd.

Note 6.1 (b): Intangible Assets

Particular	Gross Block		Accumulated Depreciation		NET BLOCK	
	Balance as at 1st April 2012	Additions	Deletions/Transfer	Balance as at 31st March 2013	Amortization during the year	Balance as at 31st March 2013
License Fees for SAP software	1,183.00	-	-	1,183.00	177.45	828.10
<b>Total (i)</b>	<b>1,183.00</b>	<b>-</b>	<b>-</b>	<b>1,183.00</b>	<b>177.45</b>	<b>828.10</b>
<b>Previous Year (i)</b>	<b>-</b>	<b>1,183.00</b>	<b>-</b>	<b>1,183.00</b>	<b>177.45</b>	<b>1,005.55</b>

Note 6.1 (c): Capital Work in Progress

Particulars	Balance as at	
	31st March 2013	31st March 2012
Capital Work in Progress	120,385.79	118,028.97
<b>Total</b>	<b>120,385.79</b>	<b>118,028.97</b>
<b>Previous Year</b>	<b>118,028.97</b>	<b>120,480.02</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 6.2: NON CURRENT INVESTMENTS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Investments in Debenture &amp; Bonds - Un-Quoted &amp; Fully paid Up</b>		
Housing & Urban Development Corporation Limited (7 Units of ₹10,00,000/- each)	70.00	70.00
Nuclear Power Corporation of India Limited (6 Units of ₹10,00,000/- each)	60.00	60.00
<b>Total</b>	<b>130.00</b>	<b>130.00</b>
Aggregate Amount of Un-Quoted Investments	130.00	130.00

Note 6.3: DEFERRED TAXES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Deferred Tax Assets:</b>		
Disallowances u/s 40a of the Income Tax Act,1961	4.68	2.77
Disallowances u/s 40 A (7) of the Income Tax Act,1961	45,792.01	45,792.01
Unabsorbed Depreciation under Income Tax Act	21,451.72	17,708.93
Carry Forward Business Loss Under Income Tax Act	50,705.47	43,809.63
	117,953.88	107,313.34
However, deferred tax asset recognized only to the extent of deferred tax liability pursuant to accounting policy disclosed under note no 2 (w) of the Financial Statement	8,558.76	7,876.84
<b>Deferred Tax Liabilities</b>		
Depreciation	8,558.76	7,876.84
<b>Net Deferred Tax Asset</b>	<b>-</b>	<b>-</b>

Note 6.4: LONG TERM LOANS & ADVANCES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Unsecured, Considered Good</b>		
Loans and Advances against Capital Works	3,399.35	790.50
Loans and Advances to Employees	144.50	195.29
Less: Provision for doubtful advances	-	-
<b>Total</b>	<b>3,543.85</b>	<b>985.79</b>

Note 6.5: OTHER NON-CURRENT ASSETS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Unsecured, Considered Good</b>		
Deposits With Government & Others	2,738.56	2,738.56
Sundry Debtors- Tariff Adjustment Account (Regulatory asset)	-	69,300.00
Claim Receivable from Government of Chhattisgarh	9,660.00	9,660.00
Advance Income Tax including TDS (net of provision)	26,056.99	26,475.36
<b>Total:</b>	<b>38,455.55</b>	<b>108,173.92</b>





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

NOTE 7: CURRENT ASSETS

NOTE 7.1: INVENTORIES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Stores & Spares	10,480.22	10,240.14
Scrap & Unservicable Material (Valued at purchase cost or net realizable value whichever is lower)	141.79	136.88
Add: Material Shortage/(Excess) pending investigation	519.13	507.36
Less: Provision for Material Shortage pending investigation	519.13	507.36
<b>Total</b>	<b>10,622.01</b>	<b>10,377.02</b>

NOTE 7.2: TRADE RECEIVABLES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Trade receivables outstanding for a period less than six months Unsecured, considered good unless stated otherwise		
Unsecured, considered good	133,563.10	109,500.77
Unsecured, considered doubtful	28,376.63	28,376.06
Trade receivables outstanding for a period exceeding six months Unsecured, considered doubtful	10,607.55	10,608.11
Less: Provision for doubtful debts	38,984.18	38,984.18
<b>Total</b>	<b>133,563.10</b>	<b>109,500.76</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 7.3: CASH & BANK BALANCES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Cash and cash equivalents</b>		
<b>a. Balances with Banks</b>		
Balances with banks in Current Accounts	5,358.81	7,665.75
Deposits with Original Maturity of less than three months #	13,274.73	12,105.62
<b>b. Postage Stamps</b>	0.43	0.43
<b>c. Cash in hand</b>		
c. Cash in Imprest	16.67	11.20
<b>d. Fund/ Cash in transit</b>	102.12	-
<b>Total</b>	<b>18,752.76</b>	<b>19,783.00</b>
<b>a. Other Bank Balances</b>		
Deposits with Original Maturity of more than three months but less than twelve months#	20,050.00	8,968.55
	20,050.00	8,968.55
<b>Total</b>	<b>38,802.76</b>	<b>28,751.55</b>

#The above deposit includes deposits pledged against Overdraft facilities and Letter of Credits of which detail are as follows:

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Against Overdraft Facilities	24,624.73	5,360.99
Against Letter of Credit	-	-
<b>Total</b>	<b>24,624.73</b>	<b>5,360.99</b>

Note 7.4: SHORT TERM LOANS & ADVANCES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Unsecured, Considered Good</b>		
<b>Others</b>		
Loans & Advances To Employees	390.74	433.65
Prepaid Expenses	2.19	1.22
Others	577.78	456.73
	970.71	891.61
Less: Provision for doubtful loans and advances	-	-
<b>Total</b>	<b>970.71</b>	<b>891.61</b>

Note 7.5: OTHER CURRENT ASSETS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Interest accrued but not due on Fixed Deposits	1,369.01	824.59
Unbilled Revenue	5,005.96	4,171.92
Sundry Debtors- Tariff Adjustment Account (Regulatory asset)	48,864.00	-
Other Current Assets	2,952.42	2,274.02
<b>Inter Company Receivable Account (Fellow Subsidiary)</b>		
Chhattisgarh State Power Generation Co. Ltd.	4,279.59	3,824.65
Chhattisgarh State Power Transmission Co. Ltd.	31,762.94	8,419.87
Chhattisgarh State Power Trading Co. Ltd.	1,691.18	1,690.92
<b>Total</b>	<b>95,925.10</b>	<b>21,205.97</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

NOTE 8: INCOME

Note 8.1: REVENUE FROM OPERATIONS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Sales of Services</b>		
Industrial Power : High Tension	335,687.97	290,145.01
Parallel Operation Charges from CPP	5,131.71	-
Low Tension Consumers including Industrial Medium & Low Voltage	186,477.16	149,501.25
Meter Rent/Service line rental	1,730.89	1,507.00
Other Receipts from Consumers	10,297.71	11,380.79
Interstate Sale of Power in UI Charges	90,035.42	22,759.27
<b>Total Sales</b>	<b>629,360.86</b>	<b>475,293.32</b>
<b>Other Operating Revenues:</b>		
Wheeling Charges & Open Access	312.27	1,447.15
Reactive Energy Charges	2,150.71	-
Delay Payment Surcharge	4,648.69	4,247.34
	<b>7,111.67</b>	<b>5,694.49</b>
<b>Revenue From Operations (Gross)</b>	<b>636,472.53</b>	<b>480,987.81</b>
Less: Excise Duty	-	-
<b>Total</b>	<b>636,472.53</b>	<b>480,987.81</b>

Note 8.2: OTHER INCOME

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Interest Income</b>		
Interest on FDR	1,617.88	827.65
Interest on Advance to Contractors & Suppliers	288.86	601.54
Interest on Staff Loans & Advances	59.55	89.61
Interest on Other Loans & Advances	828.69	4.46
	<b>2,794.98</b>	<b>1,523.26</b>
Amortization of Capital Grant	1,851.47	1,262.97
Net Income from Sale of Scrap	567.35	341.10
Other Miscellaneous Income	3,742.97	1,606.26
Excess Provisions Written Back	-	299.44
<b>Total</b>	<b>8,956.77</b>	<b>5,033.02</b>

NOTE 9: EXPENSES

Note 9.1: COST OF POWER PURCHASE

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
a. Power Purchase	530,366.22	448,372.85
Less: Rebate Claim on Power Purchase	2,726.74	2,947.45
	<b>527,639.48</b>	<b>445,425.40</b>
b. Transmission Charges	76,275.62	81,982.76
<b>Total</b>	<b>603,915.10</b>	<b>527,408.16</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 9.2: EMPLOYEE BENEFIT EXPENSES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Salaries and incentives:</b>		
Salary & Wages	52,463.22	48,822.76
Other Staff Costs	1,136.24	721.58
Earned Leave Encashment to Retired Employees	1,569.23	1,222.02
Gratuity & Pension	12,400.00	147,122.00
Contribution to Provident Fund & Other Funds	735.66	601.74
Staff Welfare Expenses	1,137.65	1,709.32
	<b>69,442.00</b>	<b>200,199.43</b>
Less: Employee Cost Capitalized	3,144.86	3,211.91
<b>Total</b>	<b>66,297.14</b>	<b>196,987.52</b>

Note 9.3: FINANCE COSTS

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Interest expense:</b>		
Interest on State Government Loan	1,418.78	1,673.71
Interest on Bonds	6.92	34.32
Interest on Debentures	106.97	107.26
Interest on PFC Loan	1,233.12	422.45
Interest on REC Loan	2,535.48	1,070.87
Interest on Security Deposit from Consumers	6,026.45	4,132.50
Interest on Working Capital Loan	2,334.96	997.02
Bank Charges	536.29	270.30
	<b>14,198.97</b>	<b>8,708.43</b>
Less: Interest & Finance Charges Capitalized	1,232.47	422.45
<b>Total</b>	<b>12,966.50</b>	<b>8,285.98</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 9.4: OTHER EXPENSES

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Rent,Rates & Taxes	466.74	395.51
Insurance	4.04	3.82
<i>Repairing &amp; Maintenance:</i>		
Plant & Machinery	8,679.58	7,783.92
Building & Civil Works	615.12	588.54
Others	327.93	327.33
Electricity Charges (Office & Other Consumption)	2,164.14	1,195.85
Legal & Professional Charges	380.67	486.56
Meter Reading & Other Merchending Service Contracts	3,775.88	3,493.91
Vehicle Running, Hiring and Maintenance	1,400.01	1,105.26
A & G Expenses of CSPHCL	944.23	1,039.14
Bad Debts Written Off	1,596.14	-
Provision for Shortages in Inventory	11.77	507.36
Other Miscellaneous Expenses	1,646.35	1,152.11
<b>Auditor's Remuneration</b>		
Statutory Audit Fees	5.62	2.53
Tax Audit Fees	0.56	-
	<b>22,018.78</b>	<b>18,081.84</b>
Less: Repairs & Maintenance Capitalized	39.84	94.94
Less: Administration & Other Expenses Capitalised	304.05	185.65
<b>Total</b>	<b>21,674.89</b>	<b>17,801.25</b>

Note 10 : Prior Period Income /(Expenses)

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
<b>Income:</b>		
Excess Provisions pertaining to previous years written back	16.68	1,696.40
Prior Period Interest	1.79	-
	<b>18.47</b>	<b>1,696.40</b>
<b>Expenses:</b>		
Power Purchase	1,200.76	102.48
Depreciation	-	8.75
Employee Costs	128.88	170.40
Interest & Oth. Finance Charges	-	450.29
Other Charges	31.38	47.62
	<b>1,361.02</b>	<b>779.54</b>
<b>Net Prior Period Income/(Expense)</b>	<b>(1,342.55)</b>	<b>916.86</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2013

Note 11: EARNINGS PER SHARE

Particulars	₹ in lac	
	Current Year 31.03.2013	Previous Year 31.03.2012
Net Profit/(Loss) as per Profit & Loss Account available for Equity Shareholders	(49,818.62)	(201,227.27)
Weighted Average number of Ordinary Share Outstanding	2,013,103,232	1,859,956,151
Add: Weighted Average number of Potential Equity shares on account of Share Application Money	209,837,842	91,002,226
Cumaltive Weighted Average number of Ordinary Share Outstanding for Basic EPS		
1. For Basic Earnings per Share of ₹10 each	2,222,941,074	1,950,958,377
2. For Diluted Earnings per Share of ₹10 each	2,222,941,074	1,950,958,377
Earnings per Share		
Basic	(2.24)	(10.31)
Diluted	(2.24)	(10.31)



**1. Corporate Information**

Chhattisgarh State Power Distribution Company limited (the Company) is a state government company incorporated under the Companies Act, 1956 with the main object of distribution and supply of electricity.

**2. Significant Accounting Policies**

**a. Basis of Preparation of Financial Statements**

The Company is a Limited Company registered under the Provisions of Companies Act, 1956. The Company is governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of the Companies Act, 1956 in terms of Section 174 of the Electricity Act, 2003.

The financial statements are prepared under the historical cost convention and on accrual basis and in accordance with the applicable mandatory Accounting Standards issued by the Companies (Accounting Standards) Rules, 2006 as per notification no. G.S.R.739 (E) dated 7<sup>th</sup> December, 2006. However, following items are accounted for on cash basis –

- Surcharge on Delayed Payment of HT Consumers.
- Rental from staff quarters.
- Earned Leave Encashment to Retiring Employees
- Liquidated damages and warranty claims.
- Audit Recoveries

**b. Going Concern Concept**

Financial statements of the Company are drawn up on the premise that its business will continue indefinitely.

**c. Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles and requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reported period. Differences between actual results and estimates are recognized in the period in which results are known / materialized.

**d. Consistency Concept**

Uniform accounting policies are applied on the same basis from year to year. Even the accounting policies followed in respect of areas not specifically covered here after or in cases where departure from the prescribed accounting policy is permitted, is followed consistently from year to year.

**e. True and fair Presentation**

Accounts of the Company present a true and fair view of the financial position and results of operations of the Company. True and fair view implies the disclosure of all information necessary for a readers' understanding of the financial position and results of operations of the Company.

Additional information in the accounts or by way of notes is given where it is necessary to ensure true and fair presentation.



**f. Offsetting of Assets and Liabilities**

In the balance sheet of the Company, assets and liabilities are set off against each other only when a legal right of offset exists. Payables to one party are therefore not set off against receivables from the same-party unless the Company has a legal right to offset the two.

**g. Events Occurring after the Balance Sheet Date:**

All events or transactions occurring after the date of balance sheet and before the date of the auditors report are treated in the following manner:

Two types of subsequent events and transactions require consideration by the Company:

- a. The first type consists of those events that provide additional evidence with respect to the conditions that existed at the date of the balance sheet and affect the estimates necessary for accrual etc in the process of preparing annual accounts. All information that becomes available prior to the finalization of the annual accounts should be used in evaluating the conditions on which the estimates were based. The annual accounts are adjusted for any changes in estimates resulting from the use of such evidence.
- b. The second type consists of events that provide evidence with respect to conditions that did not exist at the balance sheet date but arose subsequent to that date. These events are not adjusted in the accounts however necessary disclosures are provided in the notes annexed.

**h. Revenue Recognition:**

Mercantile method of accounting is employed unless otherwise specifically stated. However, where the amount is immaterial /negligible and/or establishment of accrual/determination of amount are not possible, no entries are made for the accrual. Electricity duty and cess recovered from consumers and forwarded to the Government is neither a cost nor an income to the Company and so the same has been kept out of the revenue account altogether.

Revenue includes revenue gaps (i.e. surplus/ shortfall in actual returns over assured returns) based on the principles laid down under the relevant tariff regulations/ tariff orders notified by the Chhattisgarh State Electricity Regulatory Commission. In respect of revenue gaps, appropriate adjustments are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These accruals representing Income Recoverable from future tariff, in accordance with the electricity regulation and regulator, are carried forward as Tariff Adjustment Account under the schedule 'Sundry Debtors'.

**i. Fixed Assets:**

Fixed Assets of the company are recorded in the books of account and disclosed in annual accounts at Historical Cost. This policy implies that no revaluation of fixed assets is done for adjusting them to replacement cost, current cost etc. All material related cost, labour or contractor charges payable to outsider for work done by them in respect of capital jobs are included in the cost of concerned capital assets.

Land cost comprises of its purchase price, compensation, if any, paid on acquisition of land, legal charges and stamp duties, site preparation cost such as cost of leveling and filling and all incidental expenses incurred on the transfer, development and improvement of such land.





Any expenditure on repairs or rehabilitation of an asset purchased by the company (whether second hand or new) incurred before commissioning of asset or putting the asset in usable condition are treated as a cost of the capital assets.

An expenditure having the effect of extending the useful life of an asset or increasing output or capacity or efficiency of an asset or decreasing operating costs of an asset is 'improvement'. Expenditure on improvement may involve replacement of an existing asset or may not involve replacement of an existing asset. All expenditures on improvements are capitalized.

All capital expenditure is accounted for through capital work-in-progress accounts. On commissioning of the assets, the expenditure is transferred to appropriate fixed assets accounts. Commissioning of an asset is a technical matter, which involves consideration of various factors such as trial, testing to ensure whether the asset is in usable condition etc. Capitalization of assets is therefore done on issue of Asset Commissioning Certificate from the relevant Technical Authority/ management certificate of the Company.

**j. Impairment of Assets**

Impairment loss is provided to the extent the carrying amount exceeds their recoverable amount. An impairment loss is charged to the profit & loss Account in the year in which an asset is identified as impaired.

**k. Investment:**

Current investments are carried at the lower of cost or quoted/ fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

**l. Contributions, Grants & Capital Subsidies towards Cost of Capital Assets**

In accordance with the Accounting Standard 12 on "Accounting for Government Grant" issued by the Institute of Chartered Accountants of India, grant and subsidies received from government are recognized on certainty of its realization.

Amount receivable as consumer's contribution, subsidy or grant towards capital assets are credited to appropriate account set out in chart of Accounts only if the following conditions are satisfied:

- a. The amount is not subject to any conditions to be fulfilled by the Company; or
- b. The conditions attached to the amount have been fulfilled by the Company.

Consumer's contributions, capital subsidies and grants related to depreciable fixed assets are treated as deferred income and are recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset, i.e., such amounts are allocated to income over the periods and in the proportions in which depreciation on those assets is charged. Accounting for cost of a capital asset is done in the normal course without considering any contribution, subsidy or grants towards the cost of the asset. Depreciation are been charged in the normal course on the 'full cost' of the asset.

Consumers' contribution, capital subsidies and grants related to non-depreciable assets are credited in capital reserve. However, if a grant related to a non-depreciable asset requires the fulfillment of certain obligations, the grant are credited to income over the same period over which the cost of meeting such obligations is charged to income.



**m. Expenditure on Project identification Survey and Feasibility Studies:**

Expenditure incurred on identification, survey and feasibility studies of a project before the project is considered for sanction or rejection are accumulated in an account provided for the purpose. Later, if the project is rejected, the full amount of expenditure is charged to Revenue as infructuous capital expenditure in the year in which the project is rejected. If the project is sanctioned, the expenditure is charged to capital work-in-progress account for that project. Any expenditure incurred on detailed feasibility studies etc. after a project is sanctioned shall also be charged to the capital work-in-progress account for that project. The aggregate of expenditure incurred before and after sanction of a project are allocated over the "tangible" assets acquired /constructed under the project, in the same manner as the revenue expenditure chargeable to capital works are to be allocated.

**n. Depreciation:**

The Company has provided depreciation on straight line method to the extent of 90% of the cost of asset following the rates notified by the Chhattisgarh State Electricity Regulatory Commission (CSERC) pursuant to tariff regulation'2010.

Depreciation on additions/deletions of assets is provided on pro-rata basis from/up to the period for which the asset is available for use/disposal.

Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.

Intangible assets are amortised @ 15% on straight line basis.

**o. Inventories:**

Items of inventories are measured at lower of cost or net realizable value after providing for obsolescence, if any. Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Accounting for all materials transactions are in the same period in which the physical event of receipts and issues etc has taken place. Similarly, liability for all materials received and accepted by the company is created in the month in which the materials are accepted. Shortages/ Excesses found during the course of physical verification or otherwise are transferred under account head namely "Stock excess/ shortage pending investigation" classified under inventories. The cases of such excesses/ shortages are referred to a committee formed for the very purpose, balance under these account heads are transferred to profit and loss account only after final disposal of the case from the said committee, however adequate provision to the extent of shortages in inventory has been made till final write off of inventory.

**p. Intangible Assets:**

Intangible assets are stated at cost including the expenses related to the development of asset less accumulated amortization. Intangible assets are amortised @ 15% on straight line basis.



q. Retirement Benefits:

(i) Short Term Employee Benefits

The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as liability (accrued expense) after deducting any amount already paid.

(ii) Post-employment benefits: Defined contribution/ benefit plans

A separate trust in the name of CSEB Gratuity and Pension Fund Trust has been formed by erstwhile CSEB to mitigate the liability of pension and gratuity of its retiring employees. The trust is recognized under part B of Schedule IV of the Income Tax Act'1961. After the restructuring of erstwhile board, the successor companies have been contributing their respective share of pension and gratuity liability to the aforesaid trust. Accordingly, the company has contributed their share of pension and gratuity liability to the extent allowed by CSERC in its tariff petition. Moreover, company has also provided for the share of its deficit in the actual contribution vis-à-vis the stipulated contribution determined on the basis of actuarial valuation in its profit and loss account. However, earned leave encashment has been accounted on cash basis i.e. actual payment to retiring employees is charged in the profit and loss account.

r. Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

s. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements. This accounting practice is in accordance with AS-29 "Provision, Contingent Liabilities and Contingent assets" issued by the Institute of Chartered accountants of India.

In accordance with the CSERC MYT Regulations, 2010 the Commission (CSERC) has allowed a provision for writing off of bad and doubtful debts to distribution licensee. A normative provision 1% of yearly revenue from the retail supply business is being allowed as bad and doubtful debt subject to actual writing off of bad and doubtful debts in the relevant year.

t. Foreign Currency Transaction:

All foreign currency transactions are accounted for at the rates prevailing on the dates of the transaction. Foreign currency assets/ liabilities are translated at the year end rates as applicable. Any income or expense on account of exchange rate difference either on settlement or on translation is recognized in the profit or loss account.

u. Prior Period Items:

Adjustments arising due to errors or omissions in the financial statements of earlier years are accounted under "Prior Period".



v. Earning per Share

In determining earning per share, the company considers the net profit/ loss after tax. The number of shares used in computing basic and diluted earnings per share is the weighted average number of shares outstanding during the period and equivalent number of shares held under share application money pending allotment.

w. Provision for Current and Deferred Tax:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses or disallowances of expenses under Income Tax Act, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Further, the company recognizes deferred tax assets only to the extent that it has timing differences the reversal of which will result in sufficient income to absorb the recognized differed tax liability.

At each balance sheet date the Company re-assesses the unrecognized deferred tax assets and reviews the carrying amounts of deferred tax assets for the purposes of recognizing the same as per recognition principles.



12. Contingent liability not provided in the profit and loss account are as follows:

a. Contingent Liabilities arising due to Reorganization of MPEB into MPSEB and CSEB

- i. Vide notification dated 2nd November 2004, Central Govt. has appointed 15th November 2000 as date of dissolution of erstwhile MPEB. Further, vide notification dated 4th November 2004, assets & liability of erstwhile MPEB has been finally allocated between successor SEBs i.e. MPSEB and CSEB. Both orders has been challenged in Supreme Court by Govt. of Madhya Pradesh and MPSEB. The Hon'ble Supreme Court has dismissed the petition filed by MPSEB on dt. 13.9.2006 and the review petition filed were also dismissed on 18.01.2007. However, the civil suit filed by Govt. of MP is pending. Accordingly, any liability arising on the settlement of civil suit will have an adverse implication on the successor companies of erstwhile CSEB.
- ii. On bifurcation of erstwhile state of Madhya Pradesh, MPEB had sustained tax loss of ₹ 1,422.46 Cr and ₹ 993.65 Cr in FY 1999-2000 and FY 2000-01 respectively, aggregating to ₹ 2,416.11 Cr. As per section 65 of Madhya Pradesh Reorganization Act (MPRA), the Central Government has been empowered to make rules for bifurcation of these tax losses of MPEB between MPSEB and CSEB. However, no such rules have been made by the Central Government so far.
- iii. In the absence of such rules, for the purpose of this computation, CSEB has claimed its share of ₹ 554.98 Cr in the brought forward tax losses of MPEB in power consumption ratio of 77.03:22.97 (MPSEB:CSEB), as laid down by the Central Government in its Notification dated November 4th, 2004 for allocation of current assets and liabilities of MPEB. Board's tax liabilities may vary based on the outcome of Rules to be issued by Central Government u/s 65 of MPRA 2000. Accordingly, any liability arising on non-framing of said rules may have an adverse financial implication on the successor companies of erstwhile CSEB.
- iv. After the re-organization of the erstwhile MPEB and subsequent formation of successor boards i.e. MPSEB and CSEB, the matter regarding apportionment of pension and gratuity liabilities between the two boards has not been settled so far. The pension and gratuity liabilities were to be apportioned between MPSEB and CSEB in accordance with Schedule - VI of the M.P. Reorganization Act - 2000 and settled on yearly basis. In a meeting convened by Ministry of power, Government of India on 22.12.2008 at New Delhi, it was mutually agreed between MPSEB and CSEB that the pension liability shall be settled between MPSEB and CSEB under one time settlement. The actuary firm, M/s Thanawala Consultancy Services was appointed on mutual consent of MPSEB and CSPHCL for carrying out actuarial valuation for the purpose of calculating the one time settlement amount. The firm had submitted its draft report. However certain discrepancies were observed in the data furnished by MPSEB which were likely to impact the settlement amount to a considerable extent. This was brought to the notice of actuary firm and MPSEB and it was requested to verify and furnish the corrected data. MPSEB has not made available the correct data. As such the liability in this regard cannot be ascertained at present. However, total liability of CSEB on this account shall devolve on successor companies, i.e. CSPGCL, CSPTCL and CSPDCL.



- v. Erstwhile MPEB has filed Income Tax Return for FY 1999-2000 and 2000-01 beyond the due date as prescribed in the Income Tax Act. The MPSEB had filed application for condonation of delay before CBDT. Accordingly the delay in filing of return for AY 2000-01 has been condoned by CBDT, whereas no relief had been granted for AY 1999-2000. CSEB has also moved application for condonation of delay of return filed by MPSEB for these years and CBDT has taken same view in the application of MPSEB. CSPHCL has filed a writ petition against order of CBDT before Hon'ble High Court of Bilaspur, any adverse outcome of the case will have financial implication on the successor companies of erstwhile CSEB.
- b. The demand has been raised against Board by Income Tax department after income assessment of AY 2003-04 & onwards. The Board has filed appeal against order and cases are pending before various authorities. The liability may be arising based on outcome of the case. The year wise gross disputed demand and tax paid against such liabilities are as under :-

Sl. No.	Assessment Year	Gross Tax Liability demanded (₹ in Cr)	Authority before which case is pending
1	2003-04	277.38	Pending before Hon'ble High Court of Chhattisgarh & Appellate Tribunal, Mumbai
2	2008-09	92.19	Pending before Commissioner of Income Tax (Appeals), Raipur
3	2009-10	254.02	Pending before Commissioner of Income Tax (Appeals), Raipur

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

- c. The Jurisdictional Assistant Commissioner of Income Tax has raised a tax demand of ₹ 113.06 crore vide order dt.30/12/2011 passed for Assessment Year 2009-10. The company has sought partial relief against said demand from Commissioner of Income Tax (Appeal) and now the outstanding demand including interest is ₹ 36.20 cr. The company aggrieved from the order of CIT (A) has preferred an appeal to Income Tax Appellate Tribunal, who have granted stay against recovery of said demand.
- d. The company has lodged claim of ₹ 7.98 lac and ₹ 1.91 lac against M/s. Dausa Transformers Udyog, Jaipur and M/s. United Electricals & Engg. (P) Ltd., Beharampur against supply of inferior quality transformers. The suppliers have deposited the claim amount however has contested for arbitration against the said claim. The arbitration tribunal comprising of Shri N.K. Sharma Retd. ED (MPSEB) Jabalpur, Shri A.K. Shrivastava, Retd. CE (Gen) CSEB, Raipur and Shri T.R. Sakar, (Rtd. Member-Generation) issued arbitration award in favour of transformer manufacturers. The one sided arbitration award has been challenged by CSPDCL in District Court of Raipur of which decision is pending till date.
- e. Actuarial valuation of pension and gratuity liability of all successor companies of CSEB is being undertaken by CSPHCL for and on behalf of other companies. Share of liability of individual successor company is apportioned in the ratio of number of employees which has been objected by CSPDCL since employee expense ratio provides more appropriate basis for apportionment of liability. CSPDCL has



**CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**  
Notes to financial statements for the year ended 31st March, 2013

recognized pension and gratuity liability of ₹ 1347.22 cr as on 31<sup>st</sup> March'11 determined on the basis of employee expense ratio. The matter is under correspondence stage with CSPHCL and other successor companies and in case the plea of CSPDCL is not agreed, an additional liability of ₹ 286.98 cr. will have to be recognized. Actuarial valuation of pension and gratuity liability has been last under taken for the period 31<sup>st</sup> March'11, CSPHCL is in process of undertaking the said valuation for and on behalf of all successor companies for subsequent years.

- f. The Income Tax Department has raised TDS demand amounting to Rs.2.29 cr at RAO Raipur for the period FY 2007-08 to FY 2011-12, the company has already filed its reply in few cases and is in process of filing in others.
- g. A demand order of Rs.54.09 cr has been raised by the Income tax department u/s. 201 (1) & 201 (1A) of the Income Tax Act'1961 against short deduction of Tax on Transmission charges. The company has sought stay on the said demand from the Commissioner of Income Tax on 01<sup>st</sup> May'2013 and has already filed an appeal before Commission of Income Tax (Appeal) and order in the case is still awaited.
- h. Outstanding Bank Guarantee and Letter of Credit against Power Purchase as on 31<sup>st</sup> March'13 is ₹ Nil (PY ₹ Nil)

**13. Claims lodged by the Company not acknowledged as debt:**

- a. Legal notice dt.12.05.2008 was served on M/s. Accurate Transformer Limited, New Delhi towards recovery of ₹ 12.34 cr towards penalty and ₹ 0.12 cr towards CPRI testing charges for supply of substandard 135 nos. of 3.15 MVA & 5 MVA of 33/11 KV power transformers. The firm vide letter dated 31.07.08 denied any liability and requested for arbitration intimating that they will appoint their arbitrators by 08.08.2008. The firm has however not appointed any arbitrator till date. Further the company (or erstwhile board) has forfeited permanent security deposit of ₹ 5.00 lac and has withheld their bills of ₹ 31.05 lac. The Hon'ble High Court Bilaspur has appointed Mr. VK Agrawal, Retd. Justice of High Court of Jabalpur as arbitrator and thereafter one hearing on 19th May'2012 has been held in the matter. The matter is due for final disposal by the said authority.
- b. The company has lodged claim against various vendors against supply of inferior quality transformers of which detail are as follows;

SN.	Name of firm	Amount of penalty (₹ in lac)
1.	East India Udyog Ltd, Ghaziabad	310.41
2.	Fairdeal Transformers & Swg. Pvt. Ltd. Guna	142.86
3.	Dausa Transformers Udyog, Jaipur	7.98
4.	Somani Electricals (P) Ltd, Raipur	509.31
5.	RBS Trans & S/gears(P) Ltd. Raipur	661.83
6.	Shree Engineers , Korba	293.74
7.	Tecmag Trans. (P) Ltd. Raipur	251.51
8.	Arya Electricals, Raipur	566.01
9.	United Electricals & Engg. (P) Ltd., Beharampur	1.91
	<b>Total</b>	<b>2745.55</b>



The above vendors have contested for arbitration against the said claim of the company. The matter has been referred to an arbitration tribunal. The tribunal has issued an arbitration award in favour of transformer manufacturers. However, the said arbitration award has been challenged by the company in District Court of Raipur of which decision is pending till date.

- c. The company has filed an appeal before the Hon'ble Supreme Court vide appeal no. 5683 to 5685 of 2010 towards refund of POC claim of ₹ 1.53 cr. from M/s Salasar Steel & Power Ltd. Raigarh in place of cross subsidy charges, the matter is pending for final disposal.
- d. Bills had been raised towards cross subsidy surcharge against the generators who have loss their captive status from FY 2006-07 to FY 2011-12. The total billed amount is ₹ 335.38 cr. out of which ₹ 66.35 cr. has been recovered till September'2013. Some of the generators have filed appeal before CSERC/ High Court/ Supreme Court against the said bills and accordingly CSPDCL has restrained itself from adjustment of said claim from regular bills of generators.

#### 14. Restructuring of Chhattisgarh State Electricity Board:

In exercise of the powers conferred by Section 131 read with sub-section (1) and (2) of Section 133 of the Electricity Act, 2003 (Central Act 36 of 2003), State Government (means the Government of Chhattisgarh) vide notification no. F-21/13/2009/13/2 dt.31.03.2010 notified the *Chhattisgarh State Electricity Board Transfer Scheme Rules, 2010* (hereinafter referred to as 'transfer scheme rules') in regard to the transfer of properties, undertakings, interests, rights, obligations, liabilities, personnel and proceedings from Chhattisgarh State Electricity Board (hereinafter referred to as Board) to its Successor Companies viz., Chhattisgarh State Power Generation Company Ltd. (CSPGCL), Chhattisgarh State Power Distribution Company Ltd (CSPDCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Power Trading Company Limited (CSPTCL) and Chhattisgarh State Power Holding Company Limited (CSPHCL).

Under rule (3) (g) of the transfer scheme rules "Distribution Company" or "CSPDCL" means the Chhattisgarh State Power Distribution Company Limited, a company incorporated under the Companies Act, 1956 with the main object of distribution and supply of electricity. The Distribution Undertaking shall comprise generally of all the Assets forming part of sub-section 18 and 19 of Section (2) of the Act, liabilities and proceedings, including the following but not limited to them, belonging to the Board, concerning the distribution of electricity in the area of supply consisting of Collectrates of Raipur, Bilaspur, Durg, Rajnandgaon, Raigarh, Koriya, Korba, Sarguja, Janjgir-Champa, Mahasamund, Kawardha, Dhamtari, Kanker, Bastar, Dantewada, Jashpur, Narayanpur in the State of Chhattisgarh.

The Company is wholly owned subsidiary of Chhattisgarh State Power Holding Company Limited.

#### 15. Appointed Date:

Under rule (3) (c) of the transfer scheme rules, *appointed date* means the date of 01<sup>st</sup> January'09 for effecting transfer of functions, properties, interests, undertaking, rights and liabilities, proceedings or personnel of the erstwhile Board to the relevant successor companies in accordance with the act and transfer scheme rules for all objects and purposes under this Scheme.





**16. Absorption of Expenses of CSPHCL:**

As per Schedule V Part II para (a) (v) of the transfer scheme all expenses incurred by the Holding Company including Administration and General expenses, legal and consulting fees, etc. shall be shared by Generation Company, Transmission Company, Distribution Company and Trading Company in the ratio of their respective equity, accordingly net expenses of CSPHCL after offsetting income has been absorbed by other successor companies as per the provision of transfer scheme rules. CSPDCL has been charged ₹ 9.44 cr (PY 10.39 cr) as their share of expenses allocated from CSPHCL, the same has been included in "Other Expenses" in Note No.9.4 of the Statement of Profit and Loss Account.

**17. Opening Balances transferred pursuant to transfer scheme:**

The Government of Chhattisgarh vide notification no.2020/F-21/13/09/13/2/ED dt.29<sup>th</sup> October'2010 has notified the opening balance sheet as on 01<sup>st</sup> January'2009 of CSPDCL of which detail is an under:

Sl. No.	Particulars	₹ In cr.
<b>ASSETS</b>		
A	Fixed Assets	1,749.56
B	Less: Depreciation	646.74
C	Net Assets	1,102.82
D	CWIP	806.52
E	Intangible and other Assets	9.50
F	Investment in subsidiary company	-
G	Investment	78.90
H	Stock	29.24
I	Receivable against supply of power	1,166.24
J	Cash & Bank	23.11
K	Inter company Receivable/Payable	(47.23)
L	Loans & Advance	394.57
M	Sundry Receivable	53.29
N	Security Deposits from Consumers	(463.22)
O	Other Current Liabilities	(1,034.33)
P	Subsidy Receivable from Government	240.48
	<b>Total Assets (C to P)</b>	<b>2359.89</b>
<b>LIABILITIES</b>		
A	Surplus + Equity Adjustment	1,822.23
B	Reserve and Reserve Funds	91.03
C	<i>Sub Total: Shareholder Equity</i>	<i>1,913.26</i>
D	Total Funds from State Gov.	214.94
E	Payment Due on Capital Liabilities	149.03
F	Capital Liabilities	82.66
	<b>Total Liabilities (C to F)</b>	<b>2359.89</b>

- i. As per the said notification, figures derived for opening balance sheet are from the unaudited balance sheet of erstwhile CSEB as on 31<sup>st</sup> December'2008 and are subject to audit by the Comptroller and Auditor General of India. As informed by CSPHCL, audit of erstwhile CSEB upto 31<sup>st</sup> Dec'08 has been completed by CAG during the month of May'2012, however revised opening balance are yet to be notified by the state government. Further CSPTCL has affected transfer of CWIP amounting to ₹232.84 cr from the account of CSPDCL during the relevant financial year, primarily, relating to opening balance, the matter is under persuasion with CSPHCL and CSPTCL.



- ii. CSPDCL was incorporated on 19<sup>th</sup> May'2003. The above balances notified by Government of Chhattisgarh on restructuring of erstwhile CSEB has been incorporated in the account of company on 01<sup>st</sup> January'09 and accordingly independent operations of the company has commenced with effect from 01<sup>st</sup> January'09.

**18. Provisional allocation of Personnel pursuant to Transfer Scheme:**

- i. Under rule 8 (b) of the transfer scheme rule, the Personnel of the erstwhile Board shall stand assigned to the services of the Generation Company, Distribution Company, Transmission Company, Holding Company and Trading Company as the case may be on the appointed date, on as is where is basis, namely, that they will continue to serve in the place where they are working on the Appointed date, till further orders of the State Government.
- ii. The Personnel transferred to the Transferees, shall be deemed to have entered into an agreement with the Transferee concerned to repay loans, advances and other sums due or otherwise perform obligations undertaken by them to the erstwhile Board which remain outstanding as on the Appointed Date, on the same terms and conditions as contained in the arrangement with the erstwhile Board.

**19. Final Absorption of Personnel in Transferee Company**

- i. The State Government shall, in consultation with the Successor Companies, finalize the transfer to and permanent absorption of the Personnel in a Transferee taking into account the suitability, ability and experience of the personnel, number and nature of the vacancies and other relevant factors and issue appropriate orders, as it may think fit, for such permanent absorption within forty eight months from the Appointed Date.
- ii. Accordingly the State Government has constituted a Grievance Committee to receive representations and submit recommendations on transfer and absorption of Personnel to the Successor Companies. The final report of the Grievance Committee is still awaited.

**20. Employees Retirement Benefit**

In accordance with the policy mentioned in point no. q (ii) of the significant accounting policy above, the company has contributed their share of pension and gratuity liability to the extent allowed by CSERC in its tariff petition which amounts to ₹ 124.00 cr. Further company has also provided for the share of its deficit in the actual contribution vis-à-vis the stipulated contribution determined on the basis of actuarial valuation as at 31st March'2011 amounting to ₹ 1347.22 cr in its profit and loss account. Regarding actuarial liability as on 31st March'12 and 31<sup>st</sup> March'13, the valuation of pension and gratuity liability is being undertaken by Chhattisgarh State Power Holding Company for and on behalf of other successor companies and is still under process and accordingly quantum of the same could not be ascertained.

21. Carrying amount at which an asset is recognized in the balance sheet after deducting accumulated depreciation (amortisation) generally exceeds the recoverable amount of the asset hence no provision for impairment of assets has been made.



**CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**  
Notes to financial statements for the year ended 31st March, 2013

22. Revenue includes revenue gaps (i.e. surplus/ shortfall in actual returns over assured returns) based on the principles laid down under the relevant tariff regulations/ tariff orders notified by the Chhattisgarh State Electricity Regulatory Commission. In respect of revenue gaps, appropriate adjustments are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These accruals represent "Income Recoverable from future tariff in accordance with the electricity regulation" and are carried forward as "Tariff Adjustment Account under the 'Sundry Debtors'".

CSERC vide para no. 6.314 & 6.315 and table no.163 of its tariff order for the year 2012-13, has allowed revenue deficit of ₹ 693 cr pertaining to FY 2011-12 to be carry forward for adjustment against tariff of subsequent financial year. Further, CSERC vide para no. 9 and table no.216 of its MYT order for the year 2013-14, has allowed an amount of ₹ 465 cr. received by CSPDCL from Government of Chhattisgarh to be adjusted against the said regulatory asset. Further, CSERC has allowed cumulative revenue deficit upto 31<sup>st</sup> March'2013 amounting to ₹ 488.64 cr to be carry forward for adjustment against tariff of FY 2013-14. Accordingly, the company has credited its Profit and Loss Account by ₹ 260.64 cr. and debited Sundry Debtors to that extent.

23. Rural Electrification Corporation (REC) pursuant to agreement executed between REC, Government of Chhattisgarh, NTPC Electricity Supply Co. Ltd. and erstwhile CSEB (now CSPDCL post restructuring) has financed various projects under a national programme namely Rajiv Gandhi Grameen Vidyutikaran Yojana Scheme for Rural Electricity Infrastructure and Household Electrification in the State of Chhattisgarh. As per the agreement, capital projects aided by REC and erected by the executing agencies (NESCL/PGCIL) are transferred to the Government of Chhattisgarh who has authorized CSPDCL to operate and maintain said assets to effect power supply in the project areas and derive consequential benefits out of said assets. CSPDCL stands as beneficiary in above agreement and though the ownership of the assets lies with Government of Chhattisgarh, the operation and maintenance of said projects are entrusted to CSPDCL.

Pursuant the RGGVY scheme, following projects have been completed and handed over to the Government of Chhattisgarh of which details are as follows:

₹ in Cr.

Scheme Reference No.	Project Area	Sanctioned Project Cost	Actual Project Cost submitted to REC for acceptance
REC/JB/Proj/CSEB/RGGVY-Pro & San/635/1166 dt.21.02.2006 and revised sanction vide REC/JB/Proj/MP/RGGVY Pro & San/630/1272 dt.11/03/2008 & REC/JB/RGGVY-Pro/MP/630/353 dt.09/07/2009	Janjgir Champa	63.98	62.12

24. Pursuant to cash system of accounting followed for surcharge on HT consumer, the company has reversed ₹ 117.95 crore (PY 150.92 cr) from the "other operating revenue" and has reduced sundry debtors for HT Consumer to that extent.
25. Estimated value of contracts remaining to be executed on capital accounts: The Company is in the process of ascertaining the estimated amounts due and remaining to be executed on capital contracts for the financial year 2012-13.



26. Quantitative Details of Purchases and Sales of Energy in MUs and ₹ in Lac:

Energy Purchased and Sold	Purchases		Sales	
	In MU	₹ In Cr	In MU	₹ in Cr
FY: 12-13	22147	5249.81	16980	6293.61
FY: 11-12	19979	4483.77	13983	4752.93

27. Managerial Remuneration:

Details	2012-2013 (₹)	2011-2012 (₹)
Salary & Allowances	6,57,496/-	7,99,603/-
Other Benefits		-
Total	6,57,496/-	7,99,603/-

28. Being a State Government Company, the company has not entered into any transaction with any company that are covered under sub section 1(B) of section 370 of the Companies Act'1956.
29. Expenditures/Earnings in foreign currency: ₹ Nil
30. Balances of State Government Loan, Bonds and Debentures, Loans and Advances (assets and liabilities) and Sundry Creditors are subject to confirmation and reconciliation.
31. The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Subject to the notes regarding depreciation, other notes and the method of accounting followed by the Company, provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.
32. Balance Sheet, Profit & Loss Account and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under Revised Schedule VI of the Companies Act, 1956 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.
33. In the absence of necessary schedules of suppliers and contractors during the period, relevant disclosures of Micro, Small & Medium Enterprises covered under Micro, Small & Medium Enterprises Act, 2006 could not be compiled and disclosed.
34. The Company is a state government undertaking engaged in the only in one activity i.e. 'Distribution of Electricity'. Hence Segment Reporting is considered not applicable.
35. The Public Works Department of the Government of Chhattisgarh vide order no.1136/18/2011 dt.22nd February'2011 had instructed all Municipal Corporation to settle their old outstanding arrears of CSPDCL amounting to ₹ 51.95 cr. (including surcharge) under one time settlement scheme wherein ₹ 15.96 cr. has been allowed to be waived off on condition that all dues from the settlement date are paid by the beneficiary within the stipulated time and waiver of arrears are allowed to adjusted only after 31<sup>st</sup> March'12. Since, the PWD department has affected regular payments of their electricity supply bills as per terms of settlement; CSPDCL has written off an amount of Rs.15.96 cr. during FY 2012-13.



**CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**  
Notes to financial statements for the year ended 31st March, 2013

36. In view of paragraph 9 of AS-18, no disclosure is required as regards related party relationships with other state controlled enterprises and transaction with such enterprises. Other disclosures as required by AS-18 are as under:

**Remuneration paid to directors including Managing Director:**

Name of Related Party	Nature of relationship	2012-13 (₹)	2011-12 (₹)
Shri Subodh Kumar Singh	Managing Director/ Key Management Person	-	-
Shri Santosh Dhar Diwan*	Director (O&M)	6,57,496/-	7,99,603/-

\*Retired on 31<sup>st</sup> July'2012

37. In compliance of accounting standard relating to "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India, in the absence of virtual certainty, the company has recognized deferred tax asset arising out of timing differences on account of unabsorbed depreciation, carry forward losses, and disallowances under the Income Tax Act only to the extent of deferred tax liability amounting to ₹ 85,58.76 lac. The quantum of un-recognized DTA as at 31<sup>st</sup> March'13 is ₹ 7,10,76.36 lac. The detail calculation is provided in table given below:

Sl. No.	Particulars	(₹ in lac)	(₹ in lac)
I	<b>Deferred Tax Liability:</b>		
A	Opening balance of Deferred Tax Liability as on 01.04.2012		7876.84
B	Depreciation as per Income Tax Act	17322.61	
C	Depreciation as per Companies Act	15115.75	
D	Net timing difference arising due to higher depreciation claimed under the Income Tax Act (d=b-c)	2206.86	
E	Deferred Tax Liability @ 30.90% of (d)		681.92
F	Total Deferred Tax Liability recognised as on 31.03.2013 (f=a+e)		8558.76
II	<b>Deferred Tax Asset:</b>		
A	Opening balance of Deferred Tax Asset as on 01.04.2012		-
B	Disallowance of Statutory Audit Fees U/s. 40a	6.18	
C	Unabsorbed Depreciation under Income Tax Act	69423.03	
D	Carry Forward Business Loss Under Income Tax Act	164860.62	
E	Net timing difference arising out of above adjustments (e=a+b+c+d)	234289.83	
F	Deferred Tax Asset @ 30.90% of (e)		79635.12
G	Total Deferred Tax Asset to be recognised as on 31.03.2013 (g=a+f)		79635.12
H	However, deferred tax asset recognized only to the extent of deferred tax liability pursuant to accounting policy disclosed under note no 2 (w) of the Financial Statement		8558.76
	<b>Net Deferred Tax Liability as at 31.03.2013 (II(F)-II(H))</b>		-

As per our report attached  
For, Kumar Rajesh & Associates

FRN No. 006002C

Atal Singh Hanspal  
Partner  
Membership No.079717



Place: Raipur (CG)

Date: 22-11-2013

For, Chhattisgarh State Power Distribution  
Company Limited

Managing Director

Director