



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

ANNUAL REPORT FOR FINANCIAL YEAR 2015-16

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

(A Government of Chhattisgarh undertaking) (A Successor Company of C.S.E.B.)

Regd. Office Address:- Vidyut Sewa Bhawan, Dangania, Raipur- 492013

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

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DIRECTORS' REPORT

To,

The Members of

M/s Chhattisgarh State Power Distribution Company Ltd.

Raipur (C.G.)

Your Directors have pleasure in presenting the 13th Annual Report of the Company for the financial year ended 31st March, 2016.

1) CONSTITUTION OF THE COMPANY.

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

The Board of Directors of the Company, at its meeting held on 10th July, 2015, has decided to change the constitution of the Company from public limited company to private limited company. In furtherance to the above, your Company has received approval from the Energy Dept., Govt. of C.G. vide its Order no. 3059/F-21/09/2015/13/2/E.D. dated 25.10.2016 for conversion from public limited company to private limited company.

However, keeping in view recent amendments vide the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 and the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2017, the Board, at its meeting held on 16th October, 2017, has decided to retain the constitution of the Company as 'public limited company' and to request the Government of Chhattisgarh for appointment of Independent Directors and Woman Director on the Board of Directors of the Company.

2) CAPITAL STRUCTURE:

The authorized share capital of the Company stood at Rs. 3,300 Crore divided into 330 Crore equity shares of Rs.10/- each as on 31st March, 2016. Further, the paid up share capital at the end of the financial year under review stood at Rs. 2263.10 Crore divided into 226.31 Crore equity shares of Rs.10/- each.

3) ISSUANCE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS:

During the financial year under review, the Company has issued/allotted 2425 (Nos.) State Government Guaranteed, Unsecured, Redeemable, Non-Convertible Debentures of Rs. 10,00,000/- each to different allottees with coupon rate of 10.36% p.a. for a tenure of 20 years on private placement basis with partial redemption starting from the end of 6th year from the date of allotment. The above debentures are listed on the National Stock Exchange.

4) FINANCIAL RESULTS:

PARTICULARS	(Rs. in Crore)	
	F.Y. 2015-16	F.Y. 2014-15
Revenue from Operations	10149.26	8369.63
Other Income	28.39	43.80
Profit/(Loss) before depreciation, exceptional & extraordinary items & taxation	(13.84)	(739.67)
Less: Depreciation & Amortization Expenses	171.45	169.14
Profit / (Loss) before exceptional & extraordinary items & taxation	(185.29)	(908.81)
Less : Exceptional & Extraordinary items	355.35	(645.36)
Profit/ (Loss) before Prior Period Adjustment and Tax	(540.64)	(1554.17)
Prior period Income/(Expense)	0.00	0.00
Profit / (Loss) before tax	(540.64)	(1554.17)
Less: Tax expenses	0.00	0.00
Profit/(Loss) after taxation	(540.64)	(1554.17)

During the financial year 2015-16, the Company has earned Revenue from Operations amounting to Rs. 10149.26 crore as compared to Rs. 8369.63 crore during the previous year. The company is a Public Utility and is functioning under the regulatory regime. The tariff is determined by the CSERC taking into consideration various factors. The net loss of

the Company was Rs. 540.64 crore during the financial year under review as compared to net loss of Rs. 1554.17 crore during the previous financial year. The major reason for less is provision for pension & gratuity and earned leave encashment to the tune of Rs. 483.31 crore and Rs. 447.88 crore respectively during the financial year 2015-16.

5) OPERATIONAL PERFORMANCE.

During the period from 01.04.2015 to 31.03.2016, 5066 KM Sub-transmission Lines and 7953 KM Low Tension (Distribution) Lines were constructed. Including the above, the total length of Sub-transmission Lines and Low Tension (Distribution) Lines stood at 110517 KM and 162898 KM respectively at the end of the financial year. During the period under review, 19 Nos. new 33/11 KV Sub-station and 12656 Nos. new 11/0.4 KV Distribution Transformers were established as a result of which, the capacity has increased by 1253 MVA. As on 31.03.2016, there were 964 Nos. 33/11 KV and 126563 Nos. 11/0.4 KV Sub-stations with total capacity of 15304 MVA.

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

Sr. No.	Particulars	Unit	F.Y. 2015-16
1.	33 KV Lines	KM	363
2.	11 KV Lines	KM	4703
3.	Low Tension Lines (400-230 Volts)	KM	7953
4.	33/11 KV Sub-stations installed	Nos.	19
	Capacity	MVA	78.35
5.	Installation of Additional Transformer in existing 33/11 KV Sub-station	Nos.	29
	Capacity	MVA	97.80
6.	Increase in capacity of Transformer of existing 33/11 KV Sub-stations	Nos.	43
	Capacity	MVA	78.35
7.	11/0.4 KV Sub-station installed	Nos.	12656
	Capacity	MVA	979.07
8.	Increase in capacity of 11/0.4 KV Transformers	Nos.	517
	Capacity	MVA	19.43

◆ Normal Development Work.

During the period under review, the Company has done the following work under normal Development Projects for Sub-transmission and Distribution system.

Sr. No.	Particulars	Unit	Achievement
1.	33 KV Lines Construction	KM	89
2.	11 KV Lines Construction	KM	477
3.	Distribution Lines for Services (For New Connections)	KM	427 + 34 (Conversion)
4.	Distribution Lines for Street Lights	KM	50 + 147(Conversion)
5.	Street Lights (Points)	Nos.	888
6.	New Distribution Transformers	Nos.	1904
7.	Increase in Capacity of Distribution Transformers	Nos.	517
	Capacity		19.43
8.	Connection provided:		
	Single Phase	Nos.	186299
	Three Phase	Nos.	19604
	High Tension Connection	Nos.	157

◆ RURAL ELECTRIFICATION(As on 31.03.16).

Out of total 19567 villages (as per census 2011), 18487 villages were electrified as on 30/04/2015 and 1080 villages are un-electrified. Out of 1080 villages, 416 villages were covered under ongoing RGGVY, 121 under DDUGJY, 149 through non-conventional (off-grid), and 394 villages survey were not possible as on 01.04.2015.

S.No.	Particular			Nos.
01	Total inhabited villages as per Census 2011			19567
02	Total electrified villages as on 31.03.16			18891
03	Villages balance for electrification as on 01.04.16.	UE	DE	Total
		472	204	676
04 Through Grid Connectivity				

a	Villages under ongoing RGGVY	74	0	74
b	Villages in DDUGJY	29	73	102
05 Through Non-Grid Connectivity (By CREDA)				
a	Covered under off-grid due to forest & long distance from grid.	16	102	118
b	Villages under DDG (CREDA/ Off-grid)	353	29	382

◆ RGGVY in Chhattisgarh

- Concept to commissioning work of RE in rural areas was entrusted to 03 CPSUs viz. NHPC, NESCL & PGCIL in the year 2005, under RGGVY. After refusal by PGCIL for execution in LWE affected districts namely Bastar (including Narayanpur & Kondagaon), Dantewada (including Bijapur & Sukma), & Koriya and NESCL for Jashpur, CSPDCL has taken over the responsibility for implementing these project.
- Detailed Project Reports have been prepared on the basis of the then existing 16 districts with the coverage of all the villages of the State. The newly created districts of Narayanpur & Kondagaon have been bifurcated from district Bastar and Bijapur & Sukma from district Dantewada.
- Schemes for 03 districts namely Kabirdham (Kawardha), Durg & Janjgir-Champa have been sanctioned for Rs. 174.973 Crore under 10th five year plan and have been completed and closure accepted by REC Ltd. As on 31.03.2016, Rs. 160.8633 Cr. have been disbursed to implementing agencies and Rs. 167.3441 Cr. have been incurred.
- Schemes for 15 district projects namely Rajnandgaon, Raipur, Dhamtari, Mahasamund, Kanker, Bilaspur, Korba, Raigarh, Surguja, Bastar (including Narayanpur and Kondagaon), Dantewada (including Bijapur and Sukma), Kawardha Phase-II, Durg Phase-II and 02 district projects, under Phase-II of XI Plan, namely Korea & Jashpur on 16.12.11 have been sanctioned for Rs. 1185.61 Crore under 11th five year plan. As on 31.03.2016, Rs. 846.1053 Cr. have been disbursed to implementing agencies and Rs. 898.2223 Cr. have been incurred as expenditure.

As on 31.03.2016, work in 11 districts namely Kawardha, Durg, Kawardha Phase-II, Durg Phase-II, Rajnandgaon, Raipur, Dhamtari, Mahasamund, Kanker, Bilaspur and Korba have been completed and closure submitted to REC Ltd.

- Under 12th plan, DPR's 04 district namely Jaujgir-Champa (Rs. 92.204 Cr), Mahasamund (Rs. 44.843 Cr), Dhamtari (Rs. 67.854 Cr) & Korba (Rs. 81.198 Cr) have been Sanctioned and award have been placed to turn-key contractor. Total Rs. 110.6953 Cr. has been released and Rs. 144.4377 Cr. spent till 31.03.2016.

Five Year Plan wise progresses of villages and BPL as on 31.03.2016 is as follows. –

Particular	Sanctioned provision			Work completed		
	10 th Plan	11 th Plan	Total	10 th Plan	11 th Plan	Total
UE/DE village	56	1672	1728	56	1604	1660
Intensive villages	3093	12974	16067	3093	12456	15549
BPL	134459	754266	888725	134459	601746	736205

Achievement during FY 2014-15 and FY 2015-16 (10th and 11th Plan)

Particular	Achievement FY 2014-15	Achievement FY 2015-16
UE/DE village (No)	253	404 (341-RGGVY, 19-DDUGJY & 44 DDG)
PE village (No)	1723	148
BPL Connection (No)	112959	28337
Expenditure (Rs in Cr)	71.2961	65.4938

◆ RGGVY-XII Plan

- MoP, GoI vide office memorandum No.-44/10/2011-RE dated 02.09.13 has conveyed continuation of RGGVY in XII Plan for-
 - Completing spill over works of projects sanctioned in X & XI Plan.
 - Continuing the scheme for covering all remaining census villages and habitations with population of above 100.
 - Providing free electricity connections to BPL house-holds @ Rs. 3000/- per connection in villages and habitations with population of above 100.
 - Extending DDG to grid connected areas to supplement the availability of power in areas where power supply is less than 6 hours a day.
- Rural Electrification Corporation (REC) Ltd. is the Nodal Agency for the scheme.

- Under funding pattern, 90% capital subsidy would be provided towards overall cost of the project by REC excluding the amount of State/ local taxes and 10% would be contributed by the State through own resources/ loan.
- Work of actual survey and preparation of DPR thereof has been entrusted to M/s REC-PDCL. Present status of DPRs sanctioned is furnished as below: -

S.No.	Name of sanctioned project	Sanctioned cost of Project (Rs. In Crore)	Remarks
1	Janjgir-Champa	92.2044	M/s GopiKrishna Infrastructure Pvt. Ltd; Hyderabad is the turn-key contractor for all these 04 projects.
2	Korba	81.1982	
3	Dhamtari	67.8536	
4	Mahasamund	44.8425	

Coverage of above sanctioned projects are furnished as under:-

SN	Name of Project	Coverage of village and BPL			Coverage of habitations		
		UE Village	PE Village	BPL	UE Habitation	PE Habitation	Total Habitation
1	Dhamtari	0	602	5025	135	1841	1976
2	Mahasamund	0	1036	13404	23	1821	1844
3	Korba	0	706	23969	303	1793	2096
4	Janjgir Champa	0	892	21635	5	2722	2727
Total		0	3236	64033	466	8177	8643

Status of completed work under 12 th PLAN RGGVY As on 31.03.2016											
S.N	Particulars	Name of Districts									
		Korba		DMT		MSD		Janjgir		Total	
		Provn	Achvt	Provn	Achvt	Provn	Achvt	Provn	Achvt	Provn	Achvt
1	PE Villages	706	330	602	518	1036	863	892	295	3236	2006
2	Nos. of habitations	2096	1302	1976	1704	1844	1708	2727	986	8643	5700
3	BPL connection	23969	2278	5025	689	13404	11020	21635	1274	64033	15261

◆ Electrification of Irrigation Pumps

During the period from 01.04.2015 to 31.03.2016, the line extension work has been completed for 25,632 pumps and 3,66,101 pumps have been energized upto 31.03.2016.

◆ B.P.L Connection

As per the direction of State Government, the B.P.L. Connection is made available to people who are below poverty line. During the period from 01.04.2015 to 31.03.2016, total 14,696 connections have been provided to the above category families. As a result, there are 15,54,551 B.P.L. Connections to the above category families as on 31.03.2016.

◆ STN Scheme

Energy conservation has also been achieved through strengthening of sub-transmission line under the STN Scheme for which the provision of Rs. 65 Crore has been made by CSERC for the year 2015-16 and expenditure of Rs.67.5 Cr. has been incurred during the reporting year 2015-16.

◆ Atal Jyoti Yojana

In view of load management during scarcity of power (peak load hours) the agricultural dominated feeders have been separated under Atal Jyoti Yojana funded by the State Government. The progress has shown satisfactory results by making approx 12% returns per year. Total 130 Nos. 11 KV feeders have been separated in first phase covering 30336 pumps of 732 villages. Total 170 Nos. 11 KV feeders have been separated in second phase covering 31616 pumps of 1708 villages.

DDUGJY & IPDS SCHEME

In the year 2014, Govt. of India launched two new schemes namely IPDS & DDUGJY. The main objectives of the scheme are given as under:

- I. Separation of agriculture and non-agriculture feeders facilitating judicious roistering of Supply to agricultural & non- agricultural consumer in the rural areas;
(Under DDUGJY)

- II. Strengthening and augmentation of sub-transmission & distribution (ST&D) infrastructure in rural areas. Including metering at distribution transformers. Feeders and consumers end; (under DDUGJY & IPDS)
- III. Rural electrification work including electrification of rural households. (Under DDUGJY)

The ongoing RGGVY/RAPDRP scheme will be subsumed in newly launched DDUGJY/IPDS scheme respectively.

The Govt. of India has sanctioned an amount of Rs. 1247.69 Cr. for the state under DDUGJY Scheme. Similarly an amount of Rs. 489 Cr. has been sanctioned for State under IPDS Scheme.

6) FUTURE PROSPECTS & PLANS.

HVDS Scheme.– The High Voltage Distribution System scheme, as the name suggests has the great scope of T&D loss reduction by converting the existing LT network into HT network Efforts are being made to increase HT/LT ratio in terms of both line length & consumption accompanied by the respective network. The funds for this scheme are being made through company own sources and financing from Rural Electrification Corporation Limited (REC). REC has sanctioned HVDS scheme for feeders separation in Saraipali, Akaltara, Kawardha, Mahasamund & Sakti Division. In Saraipali division out of 58 feeders, 55 No. feeders have been completed & 3 Nos. feeders are under progress. Under Akaltara, Division 29 No. feeders are to be converted into HVDS system out of which work of all 29 feeders have been completed, under (O&M) Dn Kawardha out of 77 no feeder work in 24 no feeders have been completed. Work in 95 feeders of (O&M) Dn Mahasamund are under progress. The HVDS works in (O&M) Dn Sakti has been dropped.

R-APDRP PART B.– To reduce line losses in 21 towns (for which 19 DPR Sanction) having population more than 30000 a scheme worth Rs. 710.24 Cr. has been sanctioned for new 33/11 KV for line extension work, cable lying work, new Distribution transformers, shifting of meters outside consumer premises etc. Work of 17 town got completed, works of rest 4 Towns (2 DPR) are under progress and will be completed within time frame given by Govt.

IPDS Ministry of Power, Govt vide its office memorandum No. 26/1/2014 R-APDRP Dtd. 3/12/2014 has launched Integrated Power Development Scheme (IPDS) in India. The scheme covers strengthening of sub-transmission and distribution network in urban areas.

Total 182 towns of 15 circles of Chhattisgarh are covered under the scheme with total approved cost of Rs. 489.06 crs. The main works involved are:-

S. No.	Particulars	Unit	Provision
1	33/11 KV Sub stations	No	32
2	33 KV line	KM	270
3	11 KV line	KM	672
4	LT lines	KM	147
5	Replacement LT line AB Cable	KM	2996
6	Distribution Transformers	No	1516

7) IMPROVEMENT INITIATIVES.

As per the guidelines of CEA, CSERC and follow-on process of reforms referred in different sections of Electricity Act, 2003, various special initiatives have been taken by the management to improve the working efficiency and to provide better services to the consumers. Some of these are listed below:-

- Special drives have been taken and cent percent meterisation of all consumer categories with electronic meter towards accounting of their actual consumption has been achieved.
- Automatic meter reading system has been adopted and installed in all 2608 HT connection and 21919 Nos. LT Industrial & Non domestic connection having load 15 HP and above till March, 2017 for improvement in billing efficiency which covered approx. 70% of total revenue of the Company.
- Replacement of Stopped / defective meter is being carried out regularly.
- Total 21 No. Special courts have been constituted under section 153 of Electricity Act, 2003 in 21 district head quarters for the purposes of providing speedy trial of offences referred in section 135 to 140 & section 150 of Act 2003.
- Consumer grievance redressal forum has been setup in Raipur, Bilaspur & Jagdalpur regional head quarter. Raipur forum arranges redressal weekly camps at Durg & Rajnandgaon & fortnightly camp at Jagdalpur. Similarly, Bilaspur forum arranges fortnightly camps at Raigarh & Ambikapur towards quickly disposal of consumer grievances by providing closed approach for consumers.

- Towards improvement of collection efficiency & consumer services, total 67 nos. ATP machines have been installed at different location of the State where the consumer can pay the bill round the clock. There is also a facility of online bill payment for internet users and duplicate bill can also be printed through this online system. RTGS, NEFT, common service center, credit card, debit card, CSPDCL Android mobile app, airtel money, Vodafone Mpesa and pay point centers are also facilities available to the consumers.
- Improvement in operation efficiency has been achieved through implementation of SAP ERP in different modules like Material Management, Finance & Control Management, Human Resource Management, Billing, Network Management System. Owing to this, it is now possible to monitor the implementations of schemes / projects at circle level, regional level & head office level etc.
- Chhattisgarh is the first state in the country where Distribution Company has adopted implementation of SAP (ERP) System.
- Central call centre has been started in Raipur, Durg-Bhilai & Bilaspur covering 22 major towns of the state under RAPDRP scheme to quick redressal of consumer complaints. For quick disposal of consumer complaints, it has also redressed through toll free no. 1912 reduced from all corners of Chhattisgarh.

8) DIVIDEND

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

9) PUBLIC DEPOSIT.

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

10) DIRECTORS & KEY MANAGERIAL PERSONNEL.

As per provisions of the Articles of Association of the Company, all the Directors hold the office at the pleasure of the Government of Chhattisgarh.

As per various orders issued from time to time by the Energy Department, Govt. of Chhattisgarh, the following changes have taken place in the constitution of the Board of Directors of the Company since the date of previous Directors' Report (F.Y. 2014-15):-

SL. NO.	PARTICULARS	DATE OF CHANGE
1.	Shri Anoop Kumar Garg, Managing Director, CSPHCL, holding Company of the Company has been appointed as Nominee Director	19.12.2016
2.	Shri Amitabh Jain, I.A.S., Principal Secretary, Finance, Govt. of Chhattisgarh has been appointed as Nominee Director in place of Shri Amit Agrawal, I.A.S.	26.12.2016
3.	Shri G. C. Mukherjee has been appointed as Whole-time Director (Commercial & Regulatory Affairs)	22.02.2017
4.	Shri H. R. Narware has been appointed as Whole-time Director (Operation & Maintenance)	22.02.2017
5.	The period of appointment of Shri Anoop Kumar Garg, Managing Director, CSPHCL has expired	30.06.2017
6.	The period of appointment of Shri S.B. Agrawal, Managing Director, CSPGCL has expired	07.09.2017
7.	Shri Siddharth Komal Singh Pardeshi, I.A.S., Special Secretary (Independent Charge), Energy, Govt. of Chhattisgarh has been appointed as Nominee Director in place of Shri N. Bajendra Kumar, I.A.S.	06.10.2017

Accordingly, the following persons constitute the Board of Directors of the Company as on date,

SL. NO.	NAME OF HON'BLE DIRECTOR	DESIGNATION
1.	Shri Shivraj Singh, I.A.S. (Retd.)	Chairman & Nominee Director
2.	Shri Amitabh Jain, I.A.S.	Nominee Director
3.	Shri Siddharth Komal Singh Pardeshi, I.A.S.	Nominee Director
4.	Shri Ankit Anand, I.A.S.	Managing Director
5.	Shri G. C. Mukherjee	Whole-time Director
6.	Shri H. R. Narware	Whole-time Director

In compliance of the provisions of Section 203 of the Companies Act, 2013, the Company is having the following Key Managerial Personnel: -

SL. NO.	NAME OF KEY MANAGERIAL PERSONNEL	DESIGNATION
1.	Shri Ankit Anand, I.A.S.	Managing Director
2.	Shri Sandeep Modi	Chief Financial Officer
3.	Ms. Neha Gyanchandani	Company Secretary

11) DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

12) NUMBER OF MEETINGS OF THE BOARD:

Seven (7) Board Meetings were held during the Financial Year ended March 31st, 2016.

13) AUDIT COMMITTEE :

The Audit Committee of the Company comprises the following directors.

SL. NO.	NAME OF HON'BLE DIRECTOR	DESIGNATION
1.	Shri Amitabh Jain, I.A.S., Principal Secretary, Finance, Govt. of Chhattisgarh	Non-Executive Director
2.	Shri Siddharth Komal Singh Pardeshi, I.A.S., Special Secretary (Independent Charge), Energy, Govt. of Chhattisgarh	Non-Executive Director

3.	Shri Ankit Anand, I.A.S., Managing Director of the Company	Executive Director
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There is requirement of Independent Directors in the Audit Committee under the provisions of section 177 of the Companies Act, 2013. However, before the Independent Directors were appointed by the Government of C.G., the Board of Directors of the Company, at its meeting held on 10th July, 2015, decided to change the constitution of the Company from public limited company to private limited company. In furtherance to the above, the Company has received approval from the Energy Dept., Govt. of C.G. vide its Order no. 3059/E-21/09/2015/13/2/E.D. dated 25.10.2016 for conversion from public limited company to private limited company. However, keeping in view recent amendments vide the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 and the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2017, the Board, at its meeting held on 16th October, 2017, decided to retain the constitution of the Company as 'public limited company' and to request the Government of Chhattisgarh for appointment of Independent Directors and Woman Director on the Board of Directors of the Company.

14) NOMINATION & REMUNERATION COMMITTEE.

There is requirement of Independent Directors in the Nomination & Remuneration Committee also. As stated in point no. 13, the Board has decided to request the Government of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. After appointment of Independent Directors, the Company will be able to constitute Nomination & Remuneration Committee also.

15) CORPORATE SOCIAL RESPONSIBILITY .

The Company is required to constitute a CSR Committee as per section 135 of the Companies Act, 2013 with at least one Independent Director. As stated in point no. 13, the Board has decided to request the Government of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. After appointment of Independent Directors, the Company will be able to constitute CSR Committee in compliance with the applicable provisions of the Companies Act, 2013.

Further, the Company is having average net loss during the immediately preceding three financial years i.e. 2012-13, 2013-14 and 2014-15. As a result, the Company was not required to spend any amount on CSR activity in the financial year 2015-16.

Further, the Report on CSR Activities for the financial year 2015-16 in compliance with Section 135 of the Companies Act, 2013 is annexed herewith as an Annexure-‘A’.

16) RISK MANAGEMENT:

The management of the Company regularly reviews the risks, challenges and threats being faced by the Company. At present, the Company has not identified any element of risk which may threaten the existence of the company. Further, the Company is in the process of formulating Risk Management Policy.

17) STATUTORY AUDITOR:

M/s Pandey & Co., Chartered Accountants, Raipur have been appointed as Statutory Auditor of the Company by the Comptroller and Auditor-General of India (CAG) for the financial year 2015-16.

18) REPORT/COMMENTS OF THE AUDITORS /CAG:

Observations of the Statutory Auditors along with Management’s replies thereto on the Financial Statements of the Company for the financial year 2015-16 are enclosed herewith as Annexure – ‘B’.

Further, the Comments of the Comptroller & Auditor General of India and Management’s replies thereto on the Financial Statements of the Company for the financial year 2015-16 are enclosed herewith as Annexure – ‘C’.

19) COST AUDITORS :

The Board of Directors of your Company, in its meeting held on 13th June, 2016, has appointed M/s S.N. & Co., Cost & Management Accountants, Raipur, as the Cost Auditor for audit of the Cost Accounting Records of your Company for the financial year 2015-16 in pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Amendment Rules, 2014.

Further, the Company has filed the Cost Audit Report for the Financial Year 2013-14 on 23/02/2017. The Cost Audit for the Financial Year 2014-15 and onwards is under process.

20) INTERNAL AUDITOR.

Your Company has appointed M/s. N.C. Mittal & Co., Chartered Accountants, Faridabad, Haryana, as Internal Auditor of the Company for financial year 2015-16 in compliance with the provisions of section 138 of the Companies Act, 2013.

21) SECRETARIAL AUDIT.

Your Company has appointed M/s S.G. Kankani & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year 2015-16 for conducting Secretarial Audit in pursuance of the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit for the F.Y. 2015-16 furnished by the Secretarial Auditor is enclosed herewith as Annexure – *D*.

Further, the observations of the Secretarial Auditor along with Management's replies thereto for the financial year 2015-16 are enclosed herewith as Annexure – *E*.

22) ADEQUACY OF INTERNAL FINANCIAL CONTROLS.

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

23) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS.

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

24) SUBSIDIARIES, JOINT VENTURES & ASSOCIATE COMPANIES.

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

25) TRANSACTIONS WITH RELATED PARTIES.

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

26) MATERIAL CHANGES AND COMMITMENTS.

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

27) SIGNIFICANT AND MATERIAL ORDERS.

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

28) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

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

a) Conservation of energy

(i)	The steps taken or impact on conservation of energy	<ul style="list-style-type: none">➤ Laying of LT-AB cable in theft prone area.– Power theft is main concern as it contributes higher T&D as well as AT&C losses thereby making the distribution company financially weak. Hence, the CSPDCL has taken various initiatives to restrain the direct/ indirect power theft in the State. To prevent the direct theft, 2347.3 KM AB Cables have been laid in theft prone areas in place to bare conductor during 2015-16 apart from RAPDRP/HVDS scheme.➤ 35016 Nos. meters have been shifted from premises to outside premises at visible place for reduction of theft/malpractice & easy approach for meter reading during 2015-16.➤ Automatic Meter Reading system (AMR) has been installed in all 2487 HT connection in the state. Similarly 20513 AMR have been installed in LT Industrial & non-domestic connection up to 31.03.2016. Further installation works of AMR have been awarded on LT connection having load above 15HP to 100HP is under progress.➤ CSPDCL has installed 3 star & 4 star rated distribution transformers 14438 Nos. during 2015-16 towards conservation of electrical energy.➤ Installation of 11KV & L.T. capacitor is most effective method of energy conservation & reduction of T&D losses. There are 474 nos. 11 KV capacitor bank of
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491 MVAR capacity and 35322 Nos. LT capacitor having capacity 500.56 MVAR connected in circuit & good in working condition installed in the state during FY 2015-16.

- Shifting of existing distribution transformer in load center is another effective measure for reduction of Distribution losses, 156 Nos. DT's have been shifted to load center during FY 2015-16.
- 81.00KM HT line and 228.00KM LT line conductor have been augmented by higher capacity of conductor during 2015-16 towards reduction of losses apart from R-APDRP works.
- **STN Work:** - Energy conservation has also been achieved through strengthening of sub-transmission line under the STN Scheme for which the provision of Rs. 147.00 Crore has been made. Out of the above, amount of Rs. 57.88 Crore has been invested for urban & rural area of State during the reporting year 2015-16.
- **Vigilance & O&M checking:-** To reduce the commercial loss, CSPDCL has created special vigilance checking cell in 15 circles & 01 HT checking cell to curb theft and other irregularities (Malpractice). Details of category wise checking of connection during 2015-16 are tabulated here under:-

No. of direct theft detected	7782 Nos.
No. of malpractice cases observed	35659 Nos.
Amount billed (Rs in lac)	7720.19 lac
Amount recovered (Rs. in lac)	5453.56 lac
FIR lodged / written information given to police	3264 Nos.
No. of cases put-up to special court.	1518 Nos.

- **LED BULB DISTRIBUTION WORKS:-** The LED technology is one of most energy efficient method for

		energy saving & energy conservation. Under DEEP National programme. In Chhattisgarh under Mukhay Mantri LED Lamp Vitaran Yojana in assistance of CSPDCL has started distribution of LED lamp to BPL & APL consumer through EESL, 03 No LED lamp are being given to BPL consumer free & 05 Nos. on cash or EMI to APL consumer. In addition to it 5 Nos LED bulbs to BPL, APL & 20 Nos to commercial consumers on cash payment out of 15.50 lac BPL, 21.56 Lac APL and 2.82 Lac commercial consumer of state as on 31.03.16. The LED distribution started from Rajnandgaon district as on 16.03.2016 and approx. 10366 Nos. bulb distributed during 2015-16.																
(ii)	the steps taken by the company for utilizing alternate sources of energy	Company has follows the RPO (Renewable Energy Purchase obligation) as guidelines issued by CSERC. CSPDCL has been purchased Renewable Energy during 2015-16 as below: <table border="1" data-bbox="635 898 1385 1173"> <thead> <tr> <th>SL. No.</th> <th>Particular</th> <th>Contract Quantum In MU</th> <th>Unit purchased in MU</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Biomass</td> <td>178.67</td> <td>709.95</td> </tr> <tr> <td>2</td> <td>Solar</td> <td>167.00</td> <td>144.91</td> </tr> <tr> <td>3</td> <td>Hydel</td> <td>26.90</td> <td>36.52</td> </tr> </tbody> </table>	SL. No.	Particular	Contract Quantum In MU	Unit purchased in MU	1	Biomass	178.67	709.95	2	Solar	167.00	144.91	3	Hydel	26.90	36.52
SL. No.	Particular	Contract Quantum In MU	Unit purchased in MU															
1	Biomass	178.67	709.95															
2	Solar	167.00	144.91															
3	Hydel	26.90	36.52															
(iii)	the capital investment on energy conservation equipment's	Total capital investment on energy conservation work under various scheme approx Rs. 159.94 Cr. during 2015-16.																

b) Technology absorption

(i)	the efforts made towards technology absorption	Nil
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Nil
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Nil
	(a) the details of technology imported	---

	(b) the year of import;	---
	(c) whether the technology been fully absorbed	---
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	---
(iv)	the expenditure incurred on Research and Development	Nil

c) Foreign exchange earnings and Outgo. NIL

29) EXTRACT OF ANNUAL RETURN:

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

30) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has formed an internal complaint committee for Head Quarter offices and also issued necessary instructions to all field offices for constitution of internal complaint committees at Regional/Circle/Division/Sub-Division/Zone/DC offices. During the financial year under review, one case has been filed under “Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013”. Necessary action has been taken against the respondent. Except this, no case has been registered under the above act during the financial year 2015-16.

31) PARTICULARS OF EMPLOYEES .

None of the employees received remuneration during the year in excess of limits prescribed under Section 197 of the Act, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

32) HUMAN RESOURCES.

Employees are the most precious asset of an organization and favourable environment is necessary to encourage creativity, innovation and performance excellence amongst them. Your company has focused its efforts to enhance the capabilities of employees to develop competent, trained and multi- disciplinary human capital in CSPDCL so as to meet the

challenging assignments. Your company strongly believes in achieving organizational excellence through human resources and follows "People First" approach to leverage the potential of its employees to fulfill its business plan.

33) INDUSTRIAL RELATIONS.

Employee relations in the Company continued to be cordial and harmonious during the year. Employees were encouraged to participate in the areas concerning their work conditions, welfare etc. The overall industrial relations scenario was peaceful governed by harmony and mutual trust.

34) SAFETY, HEALTH & ENVIRONMENT.

- Various guidelines have been issued time to time for carrying the job with safety standards. Installation /testing/ commissioning works have been done by taking measures as per Indian Electricity safety rules. Necessary safety tools have been provided to every Line man / technical staff. Regular safety- drill camps have been organized at each division level. Special training programme have also been organized to safeguard the man & material.
- There are 05 Numbers Departmental OPD dispensaries to nurture for their employees. In addition to departmental hospitals facility, CSPDCL has tie-up with other Govt. / Private recognized & reputed state/ inter-state super specialty hospitals for chronic/ critical medical cases and the employees get reimbursement facility for their hospitalization on the basis of referrals.
- Pleasant environment has been maintained by conducting the different games. Some of the departmental employees have played even at inter-State / National level by the motivation & continuous encouragement and won the national championship trophy. Employees get the reward/honors for their splendid job by the top management at the time of national festivals.

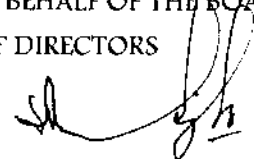
35) VIGILANCE MECHANISM.

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

36) ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS



(SHIVRAJ SINGH)

CHAIRMAN

DIN: 05248101

PLACE: RAIPUR (C. G.)

DATE: 01.12.2017

ADD: H.NO. C/1/3, OFFICERS' COLONY,

FAFADIH, RAIPUR (C.G.)

REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

1.	A brief outline of the company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company is required to constitute a CSR Committee as per section 135 of the Companies Act, 2013 with at least one Independent Director. As stated in point no.13 of the Directors Report, the Board has decided to request the Government of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. After appointment of Independent Directors, the Company will be able to constitute CSR Committee in compliance with the applicable provisions of the Companies Act, 2013.
2.	The composition of the CSR committee	
3.	Average net profit of the company for last three financial years.	Rs. (8,942,579,630/-)
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Nil
5.	Details of CSR spent during the financial year	Not Applicable
(a)	Total amount to be spent for the financial year	Not Applicable
(b)	Amount unspent, if any	Not Applicable
(c)	Manner in which the amount spent during the financial year	As per Annexure-A
6.	In case of the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.	Not Applicable
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company	Not Applicable

ANNEXURE-A: ANNUAL REPORT ON CSR ACTIVITIES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Project or programs (1)Local area or other (2)Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads. (1)Direct expenditure on projects or programs (2)Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
NOT APPLICABLE							

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS



(SHIVRAJ SINGH)
CHAIRMAN

DIN: 05248101

PLACE: RAIPUR (C. G.)

DATE: 01.12.2017

ADD: H.NO. C/1/3, OFFICERS' COLONY,

FAFADIH, RAIPUR (C.G.)

ANNEXURE – ‘B’ TO DIRECTORS REPORT

MANAGEMENT REPLY

TO

AUDITORS COMMENTS THERETO ON THE FINANCIAL STATEMENTS

OF THE COMPANY

PARTICULARS	MANAGEMENT REPLY
<u>AUDITORS REPORT</u>	
<p>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 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.</p>	
<p>a. <u>Impairment of Assets</u></p> <p>The Company has stated in Para of ‘Significant Accounting Policies’ that the impairment loss charged to Statement of Profit and Loss in the year in which an asset is identified as impaired as per Accounting Standard 28. However, in the absence of techno economic assessment, we are unable to comment on the effect of the same on the Financial Statements of the Company.</p>	<p>The objective of Accounting standard 28 is to ensure that the assets are carried in books at no more than their recoverable amount and if any asset is carried at more than its recoverable amount through use or sale of assets the asset should be described as impaired and the enterprise should recognize an impairment loss. Further, as the determination of valuation of asset in terms of its remaining economic benefit and remaining useful life is a matter of technical assessment. A technical committee for assessment of impairment loss has been formed for next year Accounts.</p>

<p>b. <u>Employee Benefits</u></p> <p>The company has made a lump sum provision of Rs. 447.88 Crore for earned leave encashment to its retiring employees which is subject to actuarial valuation which is not in accordance with mandatory Accounting Standard 15 issued by ICAI regarding "Employee Benefits".</p>	<p>Since there was no actuarial report available, CSPDCL had made an assessment of employee benefits on the basis of provision made by CSPTCL on the basis of actuarial valuation by taking proportionate amount on the basis of number of employees. For the current year an actuarial valuer has been appointed and provision for earned leave encashment for FY 2016-17 will be done on the basis of actuarial valuation report.</p>
<p>c. <u>Cash System of Accounting</u></p> <p>The 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 Rs. 165.11 Crore (PY Rs. 275.63 Crore) (Also refer note No. 8.1 to the financial statements). Following items are also accounted for on Cash basis-</p> <ul style="list-style-type: none"> . Rental from staff quarters. . Liquidated damages and warranty claims. . Interest on Bond with NPCIL. . Audit Recoveries. 	<p>There are disputed arrears of revenue from SECR (South East Central Railways) and East Coast Railways since the year 1992-93. The dispute over arrear amount is under arbitration. Therefore, any surcharge calculated over this arrear is only notional and would be subject to order under arbitration process. So, although billing is being done in SAP system to the consumers including surcharge but for accounting purposes the cash basis of accounting is being followed for true and fair view of accounts to show only actually realised surcharge.</p>
<p>d. <u>Confirmation and Reconciliation of receivable and payables</u></p> <p>Pursuant to disclosure under note 24 to the Financial Statements, Bonds and Debentures,</p>	<p>Reconciliation of CPSU Power Purchase creditors, bonds debentures and loans is</p>

<p>Loan and Advances (assets and liabilities) and sundry creditors and debtors 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 impact thereof on the accounts and loss for the period.</p>	<p>done on regular basis. These reconciliation statements have been shown to audit. The debtors and creditors are very large in number. We have written letters to creditors/debtors on sample basis. In case where debtors are paying without any protest, it is assumed that balance is reconciled. The balance in debtors account as on 31st march 2016 can be checked with the amount received in the next month. Further the IT consumers are in lakhs and reconciliation is cumbersome. The disputed cases of major large parties are under arbitration. The replies of large organisations have also been sent to the auditors directly.</p>
<p><u>e. Bank Reconciliation</u></p> <p>Bank Balances as per Financial Statements of the Company as at 31.03.2016 are subject to reconciliation with Bank balances as per Bank. The company is in the process of reconciling bank balance in books of accounts with bank balance. Bank Balances includes bank accounts maintained at Regional Accounting Offices.</p>	<p>The Bank reconciliation Statement as on 31.03.2016 is now complete at HO as well as RAOs except following:</p> <p>Account-I (Payment Account) Raipur -ICICI Bank Ambikapur - SBI & UBI Janjgir Champa - SBI & UBI</p> <p>Account-II (Receipt Account) Raipur-I - ICICI Bank Ambikapur - SBI and Gramin Bank Janjgir Champa - UBI</p> <p>The preparation of these statements is in process and will be completed before next year audit.</p>

<p><u>f. Decmed Deposits under Companies Act 2013</u></p> <p>As per the information given to us, Company has not maintained age wise details of Sundry Creditors and Sundry Debtors, thus we are unable to comment on Decmed Deposits as per Sec 73 to 76 of Companies Act 2013.</p>	<p>Age wise report of debtors is available in SAP system and was also provided to the auditors. However, Age wise report of creditors is not available in SAP system. Decmed deposits as per section 73-76 is applicable only for sub clause (a) & (c) of clause XII of Rule 2 of Companies (Acceptance of Deposits) Rules, 2014. The sub clause (c) does not require age wise details of security deposit. The sub clause (a) requires age wise details of advances for more than one year. The same will be provided to the audit next year.</p>
<p><u>g. Contingent Liabilities</u></p> <p>Regarding Contingent Liabilities amount as disclosed in respect of claims pending Court/ Legal / Tax cases / Labour Cases and commitments in respect of estimated amounts of Contract remaining to be executed on Capital Account have not been properly compiled and ascertained of the respective shared projects as per Accounting Standard 29.</p>	<p>The information available from Legal Cell in respect of claims pending Court/ Legal/Tax cases/Labour Cases is disclosed in notes to accounts {pt no 12(b), (d)}. Estimated amount of contracts remaining to be executed on capital account will be shown in next year accounts.</p>
<p><u>h. Internal Audit</u></p> <p>As per section 138 of companies Act 2013 with Rule 13 (1)(a) of Companies (Accounts) Rules, 2014 every listed company shall be required to appoint an Internal auditor. Though the Company has appointed an Internal Auditor but the Internal Audit Report for the Financial Year 2015-16 is yet to be submitted.</p>	<p>M/s Mittal and Company, Faridabad have been appointed as Internal Auditor for FY 2015-16. The internal audit is still in progress. Auditors have been requested to complete the audit at the earliest. Major portion of audit i.e. revenue audit was submitted to statutory auditors. Final report on internal audit will be submitted to audit upon its receipt.</p>

OTHER MATTERS	
<p>(a) Every public company which has paid up capital of Rs. 100 crore or more or turnover of Rs. 300 crore or more need to comply with the requirement of having atleast of one woman director u/s 149(1) of Companies Act, 2013. The Company does not have any Woman Director confirming the requirements under section 149(1) of Companies Act, 2013.</p>	<p>The Company is a Government of Chhattisgarh Undertaking and as per the Articles of Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. Before the Independent Directors and Woman Director were appointed, the Board of Directors of the Company, at its meeting held on 10th July, 2015, decided to</p>
<p>(c) Every public company which has paid up capital of Rs. 100 crore or more or Deposits or borrowings of Rs. 200 crore or more need to comply with the requirement of having Nomination & Remuneration Committee u/s 178(1) of Companies Act, 2013. The Company does not have any Nomination & Remuneration Committee.</p>	<p>change the constitution of all CS Power Companies from public limited company to private limited company and made a request to the Govt. of CG for the consent in this regard. In response to the above request, CS Power Companies have received permission from the Energy Dept., Govt. of C.G. vide its Order no. 3059/F-21/09/2015/13/2/E.D. dated 25.10.2016 for conversion of CS Power Companies.</p>
<p>(d) Every qualifying company which has turnover of Rs. 1000 crore or more need to comply with the requirement of having Corporate Social Responsibility (CSR) Committee of the Board under section 135 of Companies Act, 2013. The Company has not complied with the provisions of section 135 of Companies Act, 2013.</p>	<p>However, keeping in view the recent amendments in the Companies Act with regard to provisions for the appointment of Independent Director & Woman Director and constitution of the Audit Committee and Nomination & Remuneration Committee, the Holding Company and other Fellow Subsidiary Companies of CSPDCL have decided to retain the existing constitution of the Company i.e. "Public Limited".</p>
<p>(f) As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies (Meeting and Power of Board) Rules, 2014 deals with Audit Committee, as the Company do not have Independent Directors on its Board of Directors as required by Sec 177 of the Companies Act, 2013 consequent to which the Company could not comply the Statutory requirement in this regard.</p>	<p>Accordingly, the Board of Directors of CSPDCL, in its meeting held on</p>

	<p>16.10.2017, has decided to retain the constitution of the Company as Public Limited Company and to make a request to the Govt. of Chhattisgarh to appoint Independent Directors and Woman Director on the Board of Directors of the Company.</p> <p>After appointment of Independent Directors, the Company will be able to constitute/re-constitute Audit Committee, Nomination & Remuneration Committee and CSR Committee.</p>
<p>(b) Section 204 (1) of Companies Act 2013 read with Rule 9 of Companies Rules 2014 mandates Secretarial Audit for every Listed Company. Although the Company has appointed Secretarial auditor for Secretarial audit but the Secretarial audit report has not been submitted.</p>	<p>The Board of Directors of the Company at its meeting held on 24.10.2016 has appointed M/s S.G. Kankani & Associates, Company Secretaries as Secretarial Auditor of the Company for the F.Y. 2015-16. The Secretarial Auditor of the Company has completed the audit of the Secretarial Records of the Company for the F.Y. 2015-16 and submitted draft report on 07.10.2017.</p>
<p>(c) As per Section 177(9) of Companies Act, 2013 has to establish Vigilance Mechanism to report for any unethical behaviour. The Company does not have Vigilance Mechanism. However, the Company has appointed Chief Vigilance Officer on 22.12.2014 to deal with the complaints against the employees and offices of the Company.</p>	<p>Consequent to restructuring of CSEB in different companies, CSPHCL, being Holding Co., has formed Vigilance Mechanism and appointed Chief Vigilance Officer with adequate staff. This department is catering to the vigil mechanism of all CS Power Companies and CSPDCL will endeavour to further strengthen the same.</p>

ANNEXURE A TO AUDITOR'S REPORT

PARA NO. I. In respect of its fixed assets.

- | | |
|---|---|
| <p>a) The Company has maintained records fixed assets. However quantitative and situation wise details are not maintained in the fixed asset register.</p> <p>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.</p> <p>c) The company possesses land received from MPSEB wherein records were not handed over during re-organization of erstwhile MPEB due to non traceability; hence we are not in a position to comment thereon.</p> | <p>(a) The Fixed Assets register at H.O. is maintained on the basis of information available in the SAP system. Due to limitation of the system and voluminous number of components in each asset, the quantitative details are not available in the fixed assets register maintained at H.O. However, quantitative details of assets are maintained at respective division and sub division offices and same will be shown to audit next year.</p> <p>(b) Physical verification is undertaken. The report would be made available to the audit next year.</p> <p>(c) The available records of land with CSPDCL will be shown to audit next year.</p> |
|---|---|

PARA NO. II. In respect of its inventories.

- | | |
|--|---|
| <p>a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at respective stores.</p> | <p>a) Agreed with factual statements narrated by audit. It is not practically possible to do physical verification of inventory of all the stores on a single day</p> |
|--|---|

<p>b) The relevant records for the physical verification were not produced before us for our review, hence we are not in a position to comment thereon.</p> <p>c) As per information and explanation given to us, the company is maintaining proper records of inventory and discrepancies, if any, found during the course of physical verification has been properly dealt with by the management.</p>	<p>i.e. 31.03.2016. This is why continuous process of verification of inventory is followed.</p> <p>b) The records of physical verification of inventory on continuous basis were shown to audit. The same shall again be shown to audit next year.</p> <p>c) Agreed with audit.</p>
<p>PARA NO.VI – We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of section 148 of the Act, and are of the opinion that, the prescribed accounts and records have not been properly maintained.</p>	<p>The cost records for the F.Y. 2015-16 are under preparation and will be sent to the Cost Auditor for performing cost audit. Observations, if any, in the Cost Audit Report shall be rectified accordingly.</p>
<p>PARA NO.VII –In respect of statutory dues:</p> <p>a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information</p>	<p>These cases are pending with various legal authorities. The same is shown in contingent liabilities at notes to account, pt. no. 12 (b).</p>

and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2016 for a period of more than six months from the date of becoming payable.

b) Dues of CSPDCL for Custom duty, Wealth tax, Service tax and Cess which have not being deposited on account of dispute are under –

i. In respect of Income Tax Act, 1961

AY	Gross Tax liability demanded (Rs in Crore)	Unpaid Tax Liability (Rs. In Crore)	Authority before which case is pending
2003-04	277.38	144.81	Pending before High Court of Chhattisgarh and ITAT, Mumbai
2006-07	373.36	246.60	ITAT Mumbai has passed order in favor of CSEB. However, the Jurisdictional Assessing Officer has wrongly interpreted the above factual and legal position and also the orders of CIT (Appeal) and ITAT. and has assessed the income at Rs.840.75 Crore & served a

			demand notice of Rs.269.60 Crore in the matter. The appeal filed against above demand notice before CIT (Appeal) has been dismissed. CSPHCL has filed an appeal and stay application before the ITAT, Mumbai within the time as stipulated under the provisions of the Income Tax Act which is pending.
2008-09	92.19	--	The matter is pending before CIT (A)/ ITAT
2009-10	266.49	--	

a.) The Jurisdictional Assistant Commissioner of Income Tax has raised a tax demand of Rs.113.06 crore vide order dated 30.12.2011 passed for Assessment Year 2009-10. The company has sought partial relief against said demand from Commissioner of Income Tax (Appeal) and now the outstanding demand including interest is Rs.36.20 Crore. The Company aggrieved from the order of CIT (A) has preferred an appeal to Income Tax Appellate Tribunal, who has granted stay against recovery of said demand. The matter is pending before ITAT, Mumbai Bench.

b.) The company through the online system of Income Tax Department has retrieved that an amount of Rs. 8.37 Crore is outstanding against TDS liability (Short Deduction/ Short Payment) and corresponding interest of Rs.4.91 Crore against delay in short deduction/short payment and the late filing fee including interest amounting to Rs. 0.70 Crore. The company is in process of obtaining necessary information of such distinguished cases from its decentralized office and Income Tax Department and liability will be provided only after due appraisal on cases to case basis.

ii. In respect of Value Added Tax

Financial Year	Gross Tax Liability disputed (Rs. In Lacs)	Remarks
2009-10	57.39	The Commercial tax department is of the view that the liability of VAT exists against Meter Rent considering it as "Transfer of right to use any Goods". The Company has deposited Rs.5 lacs and Rs 10.33 lacs before filing appeal to First and Second Appellate Authority. The matter is pending with the second appellate authority i.e. the Vanijya Kar Tribunal for final disposal.
2010-11	63.79	The Commercial tax department is of the view that the liability of VAT exist against Meter Rent considering it as "Transfer of right to use any Goods".

		<p>The department has adjusted entry tax refund of Rs.2.77 lacs against the said outstanding demand. Further, the company has deposited Rs 3.61 lacs before filing appeal before the first appellate authority i.e. Additional Commissioner (Appeal). The first appellate authority has decided the case against the company and now the company is in process of filing appeal before second appellate authority i.e. Vanijya Kar Tribunal.</p>
2011-12	76.49	<p>The Commercial tax department is of the view that the liability of VAT exist against Meter Rent considering it as "Transfer of right to use any Goods". Further, the company has deposited Rs.1.03 lacs before filing appeal before the first appellate authority i.e. Additional Commissioner (Appeal). The first appellate authority has decided the case against the company and now the company is in process of filing appeal before second appellate authority i.e. Vanijya Kar Tribunal.</p>

iii. In respect of Custom, Excise and Service tax.

Description	Amount Involved (in Rs)	Status of the Case
CSPDCL V/s Central Excise (Appeal No	4,41,756/-	Pending before

E. 2229/2012 Ex (SM))		CESTAT, New Delhi	
CSPDCL V/s Central Excise (Appeal No. E/1752/2012 Ex (SM))	10,000/-	Pending before CESTAT, New Delhi	
CSPDCL V/s Central Excise (Appeal No. A-53240/2016 Ex (DB))	11,89,419/-	Pending before CESTAT, New Delhi	
ANNEXURE B TO AUDITOR'S REPORT			
Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013			
<p>In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st march 2016, except as stated below, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants o India.</p> <p>Accounting under proper head of Accounts was not correctly done at initial stages in SAP software. This has resulted in huge difference between the opening balances as per SAP software and opening balances as per financial statements. Further as per information and explanation provided, the</p>			<p>The balance as on 31.03.2016 as per physical balance sheet and SAP balance sheet is now matching and same shall be shown to audit next year.</p>

differences that arose at the first time adoption of Accounting software "SAP" has still not been corrected and reconciled. The figures of the current year transaction derived from the Accounting Software are manually adjusted for the figures arrived from the previous year closing figures to arrive at the current year closing figure as reported in the Balance Sheet.

Bank reconciliation has not been done at Regional Offices of the Company resulting in differences with Bank balances as per Bank.

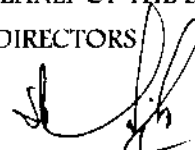
The Bank reconciliation Statement as on 31.03.2016 is now complete at RAOs except following:

Account-I (Payment Account)
Raipur -ICICI Bank
Ambikapur - SBI & UBI
Janjgir Champa - SBI & UBI

Account-II (Receipt Account)
Raipur-I - ICICI Bank
Ambikapur - SBI and Gramin Bank
Janjgir Champa -UBI

The preparation of these statements is in process and will be completed before next year.

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS


(SHIVRAJ SINGH)

CHAIRMAN

DIN. 05248101

PLACE: RAIPUR (C. G.)

DATE: 01.12.2017

ADD: H.NO. C/1/3, OFFICERS' COLONY,
FAFADIH, RAIPUR (C.G.)

ANNEXURE – 'C' TO DIRECTORS REPORT

MANAGEMENT REPLY

TO

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (CAG)

<u>PARTICULARS</u>	<u>REPLY OF MANAGEMENT</u>
<u>A. COMMENTS ON PROFITABILITY AND LOSS</u>	
<u>STATEMENT OF PROFIT & LOSS</u>	
IV. Expenses Other Expenses (Note 9.4): Rs. 266.94 crore The above does not include Rs. 13.98 cores being demand from Income Tax Department against short deduction/ short payment of TDS by the Company. interest, on short deduction/short payment fee and late filing of return etc. Being the liability the same should have been provided for in the books of accounts, however, the Company has disclosed it as a contingent liability under note 12(o) to the financial statements. This has resulted in understatement of Other Current Liabilities and understatement of Other Expenses as well as Loss by Rs. 13.98 crore.	<p>As per the recognition principle of "Provisions" as given in "para 14 of Accounting Standard-29 - Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India.</p> <p>A provision should be recognized when.</p> <ul style="list-style-type: none">• an enterprise has a present obligation as a result of a past event;• it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and• a reliable estimate can be made of the amount of the obligation. <p>If these conditions are not met, no provision should be recognized and</p> <p>As per Para 10.4 of AS-29, A contingent liability is:</p> <p>a. possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future</p>

	<p>events not wholly within the control of the enterprise; or</p> <p>b. a present obligation that arises from past events but is not recognized because:</p> <ol style="list-style-type: none"> i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii. a reliable estimate of the amount of the obligation cannot be made. <p>The demand raised by Income Tax Department relates to Short Deduction/Short Payments and corresponding interest against TDS liability of various de-centralized offices of the company. It would be relevant to mention that disputed demand quantified in Audited Financials for year 2014-15 was Rs. 26.34 Crore which has now reduced to Rs. 13.98 Crore. The demand for TDS mostly arises due to technical errors while filing TDS returns as per information from respective offices. All the concerned offices are instructed to take up the matter with Income tax department on high priority. Since, the demand raised by Income Tax Department is subjudice, therefore the company has disclosed the same under Contingent Liability.</p>
<p>B. COMMENTS ON FINANCIAL POSITION</p>	
<p>BALANCE SHEET Equity and Liabilities</p>	
<p>Current Liabilities (c) Other Current Liabilities (Note-5.3) Rs. 3274.99 crore</p> <p>The above does not include Rs. 152.43 crore being the value of shortfall in achievement of Renewable</p>	<p>1. The RPO obligation of CSPDCL requires availability of electricity from renewable</p>

Purchase Obligation (RPO) in 2015-16 as fixed by CSERC. For any shortfall in RPO targets, the company should have purchased Renewable Energy Certificates (REC) for shortfall quantity as per Chhattisgarh State Electricity Regulatory Commission (Renewable Purchase Obligation and REC framework Implementation) Regulations, 2013. Being a mandatory obligation the amount should have been provided for. This has resulted in understatement of Other Current Liabilities and Other expenses as well as understatement of Loss by Rs.152.43 crore.

Further RPO for the year 2013-14 and 2014-15 is subjudice before the CSERC, hence the value of shortfall of RPO Rs. 281.82 crore should be disclosed in notes to accounts as a contingent liability. Failure to disclose the same has resulted in understatement of Contingent Liability by Rs. 281.82 crore.

resources as prescribed by MNRE as non-solar sources and solar resources. It is evident from table No.6 of tariff petition filed by the Company for true up of 2013-16 that Company has purchased 1134.95 MUs against 1337.65 MUs prescribed by Commission towards purchase of electricity from renewable sources.

2. That shortfall would attribute to technical conditions of generating station which is beyond the control of distribution Company

3. That CSERC considers shortfall in compliance of RPO by way of separate petitions on year to year basis. Presently Commission is considering the compliance of RPO for the year 2014-15. After issuance of order for aforesaid period the RPO obligation of 2015-16 may likely to take place.

4. That in light of relevant provisions under CSERC (Renewable Purchase Obligation framework implementation), Regulations' 2013, CSERC has authority to carry forward RPO obligation. Relevant provision is reproduced below:-

"if a company is facing any genuine difficulty in complying with the renewable purchase obligation because of non-availability of power from Renewable Energy Sources or the REC's, the obligated entity can approach the commission to carry forward the compliance requirement to the next year only.

Provided further that where the Commission has consented to carry forward of Compliance requirement, the provision regarding creation of such fund as specified shall not be applicable."

	<p>5. It is pertinent to mention that matters pertaining to RPO obligation in respect of Company for FY 11-12, FY 12-13 & FY 13-14 are under consideration before the Hon'ble Appellate Tribunal for Electricity, New Delhi and consequences thereof may directly apply to RPO obligation of the Company.</p> <p>6. Under terms & conditions of CSERC (Terms & conditions for determination of tariff according to Multi Year Tariff Principles & Methodology and Procedure for determination of expected revenue from tariff & charges) Regulations 2015 termed as "MYT Regulations 2015" CSPDCL is obliged to include in its yearly tariff petition a true up of preceding year and projection of ARR for ensuing year. In light of this CSPDCL has true up its revenue requirement upto 2014-15 vide its tariff order dated 30.04.2016.</p> <p>7. Consequences of judicial pronouncements towards RPO obligation as a fall out of APTEL's order would be included in relevant tariff petition of that year as per the terms & conditions of MYT Regulations 2015 and accordingly it shall be disclosed as contingent liability Financial Statements of that Financial Year.</p>
<p>Short Term Provision (Notes-5.4) Rs. 357.66 crore</p> <p>The above does not include Rs. 1.38 crore being interest on difference amount payable to M/s Chhattisgarh Investment limited and M/s Singhal Forestry Private limited on account of revised tariff for the period from October/November 2011 to March 2016 in accordance with Appellate Tribunal For Electricity order dated 23 September 2015. The liability for interest should have been</p>	<p>The claim of surcharge by M/s. Singhal Forestry was under consideration by the company and was pending for passing/ approval till finalization of accounts. The company will admit the aforesaid liability in the accounts of FY 2016-17.</p>

<p>provided for in the accounts. Short provision of above interest liability has resulted in understatement of Short Term Provisions and Other Expenses as well as understatement of loss by Rs. 1.38 crore.</p>	
<p>(b) Trade Payables (Note 5.2): Rs. 2796.38 crore</p> <p>The Ministry of Corporate affairs, Government of India (MCA) issued notification dated 04 September 2015 regarding Amendment to Schedule III to Companies Act 2013 and substituted para (4) (b) for Trade Payable under the head "Equity and Liabilities" as follows:</p> <p>(b) Trade Payables</p> <p>(A) Total outstanding dues of micro enterprises and small enterprises; and</p> <p>(B) Total outstanding dues of creditors other than micro enterprises and small enterprises.</p> <p>However, the Company has not classified the Trade payables as per MCA notification. The note on Trade Payables was deficient to that extent.</p>	<p>The company is in the process of preparing schedules of contractors and suppliers, which include Micro, Small & Medium Enterprises. The matter raised by audit shall be addressed once, the preparation work of relevant schedules are completed. Exercise is being done for classification of MSME enterprises in SAP as suggested by audit.</p>
<p>C. COMMENTS ON DISCLOSURE</p>	
<p><u>Significant Accounting Policies & Note to Financial Statements.</u></p> <p>As per notification dated 04 September 2015 of the Ministry of Corporate affairs, Government of India (MCA) the following details relating to Micro, small and medium enterprises shall be disclosed in the notes.-</p> <p>(a) The principal amount and the interest due</p>	<p>With reference to the above audit para, the company is in process of preparing schedules of contractors and suppliers, which includes Micro, Small & Medium Enterprises. The matter raised by audit shall be addressed once, the preparation work of relevant schedules are</p>

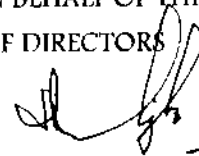
thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.

- (b) The amount of interest paid by the buyer in terms of section 16 of the micro, small and medium enterprise development, Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during each accounting year
- (c) The amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.
- (d) The amount of interest accrued and remaining unpaid at the end of each accounting year.
- (e) The amount of interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the micro, small and medium enterprise development Act, 2006.

However, the Company has not disclosed the requirements relating to Micro, Small and Medium Enterprise. Thus, the notes to financial statements are deficient to that extent.

completed. However, as per information supplied by field offices, there are no case of claim of interest by MSMED units except those disclosed under Note related to Contingent Liabilities. The disclosure of basic amount shall be made in FY 16-17.

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS



(SHIVRAJ SINGH)

CHAIRMAN

DIN: 05248101

ADD: H.NO. C/1/3, OFFICERS' COLONY,
FAFADIH, RAIPUR (C.G.)

PLACE: RAIPUR (C. G.)

DATE: 01.12.2017

CHHATTISGARH STATE POWER
DISTRIBUTION COMPANY LIMITED

(CIN: L40108CT2003SGC015822)

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

SECRETARIAL AUDIT REPORT
FINANCIAL YEAR 2015-16



SECRETARIAL AUDITOR
S G KANKANI & ASSOCIATES

COMPANY SECRETARIES

69, FIRST FLOOR, MAHALAXMI CLOTH
MARKET, PANDRI, RAIPUR (C.G.)

☎ - 0771-4053769

☎ - 75666-81980



S.G. KANKANI & ASSOCIATES
COMPANY SECRETARIES

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2015-16

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

To,
THE MEMBERS,
M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
(CIN: L40108CT2003SGC015822)
VIDYUT SEWA BHAWAN,
DANGANIA, RAIPUR (C.G.)

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder. We also report that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 in compliance of the provisions of:

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

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with Stock Exchanges in India read with the Securities and

CSPDCL- SECRETARIAL AUDIT REPORT - FY 2015-16

69, 1ST FLOOR, MAHALAXMI CLOTH MARKET, PANDRI, RAIPUR - 492 004 (C.G.)
☎ - 0771 - 4053769, 75666-81980 (M) ✉ - sgkankani.cs@gmail.com





S.G. KANKANI & ASSOCIATES

COMPANY SECRETARIES

Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 & Secretarial Standards issued by the Institute of Company Secretaries of India.

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

- a) The Company is yet to appoint Independent Directors & Woman Director as required under section 149 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014.
- b) The Company is yet to constitute Nomination & Remuneration Committee as required under Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- c) The Company is yet to constitute Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- d) The Company is yet to establish Vigil Mechanism as required under Section 177(9) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- e) The constitution of the Audit Committee is yet to be modified in accordance with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- f) The Financial Statements for the F.Y. 2014-15 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013.
- g) There was some delay in compliance of applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Further, the Company has not fully complied with Regulations 52 (i.e., Financial Results) and 58 (i.e., Documents and information to holders of non-convertible debt securities) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Regarding above point no. (a), (b), (c) & (e), we have been informed that the Company is a hundred percent Government of Chhattisgarh Undertaking and as per the Articles of Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. However, before the Independent Directors & Woman Director were appointed, the Board of Directors of the Company, at its meeting held on 10th July, 2015, decided to change the constitution of the Company from public limited company to private limited company and the Company has received approval from the Energy Dept., Govt. of C.G. vide its Order no. 3059/F-

2
CSPDCL- SECRETARIAL AUDIT REPORT - FY 2015-16

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

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S.G. KANKANI & ASSOCIATES

COMPANY SECRETARIES

21/09/2015/13/2/E.D. dated 25.10.2016 for conversion from public limited company to private limited company. After conversion of the Company into a private limited company, compliance under point no. (a) (b) and (e) will not be applicable to the Company. Further, the Company will be able to constitute CSR Committee out of the existing directors of the Company in compliance with the applicable provisions of the Act.

However, keeping in view recent amendments vide the Companies (Appointment and Qualification of Directors) Amendments Rules, 2017 and the Companies (Meetings of Board and its Powers) Second Amendments Rules, 2017, the Board of Directors of the Company, at its meeting held on 16th October, 2017, has decided to retain the constitution of the Company as 'public limited company' and to request the Government of Chhattisgarh for appointment of Independent Directors and woman Director on the Board of Directors of the Company.

Accordingly, after appointment of Independent Directors and Woman Director by the Government of Chhattisgarh, the Company will be able to comply with the applicable provisions of the Act.

Further, we have been informed that consequent to restructuring of CSEB in different companies, CSPHCL, being holding Company of the Company, has formed vigilance mechanism and appointed Chief Vigilance Officer with adequate staff. This department is catering to the vigil mechanism of all CS Power Companies and CSPDCL shall endeavor to further strengthen the same.

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

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- c) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

requiring compliance thereof by the Company during the Financial Year.

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

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





S.G. KANKANI & ASSOCIATES

COMPANY SECRETARIES

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

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

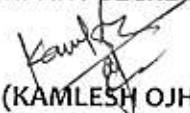
We further report that during the audit period under review, the Company has issued/allotted 2425 (Nos.) State Government Guaranteed, Unsecured, Redeemable, Non-Convertible Debentures of Rs. 10,00,000/- each to different allottees on private placement basis in compliance with the provision of the Act. Except the above, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

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

PLACE: RAIPUR (C.G.)

DATE: 01.12.2017

FOR, S.G. KANKANI & ASSOCIATES
COMPANY SECRETARIES


(KAMLESH OJHA)

PARTNER

ACS NO.: 39476

CP NO.: 14660





S.G. KANKANI & ASSOCIATES
COMPANY SECRETARIES

ANNEXURE-A


To,
THE MEMBERS,
M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
(CIN: L40108CT2003SGC015822)
VIDYUT SEWA BHAWAN,
DANGANIA, RAIPUR (C.G.)

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

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

PLACE: RAIPUR (C.G.)
DATE: 01.12.2017

FOR, S.G. KANKANI & ASSOCIATES
COMPANY SECRETARIES


(KAMLESH OJHA)
PARTNER
ACS NO.: 39476
CP NO.: 14660



ANNEXURE – *E* TO DIRECTORS REPORT

MANAGEMENT REPLY

TO

SECRETARIAL AUDITORS COMMENTS CONTAINED IN THEIR SECRETARIAL AUDIT REPORT

S. NO.	PARTICULARS	REPLY OF THE MANAGEMENT
Para No. 5 Point (a)	The Company is yet to appoint Independent Directors & Woman Director as required under section 149 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014.	The Company is a Government of Chhattisgarh Undertaking and as per the Articles of Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. Before the Independent Directors and Woman Director were appointed, the Board of Directors of the Company, at its meeting held on 10th July, 2015, decided to change the constitution of all CS Power Companies from public limited company to private limited company and made a request to the Govt. of CG for the consent in this regard. In response to the above request, CS Power Companies have received permission from the Energy Dept., Govt. of C.G. vide its Order no. 3059/F-21/09/2015/13/2/E.D. dated 25.10.2016 for conversion of CS Power Companies.
Para No. 5 Point (b)	The Company is yet to constitute Nomination & Remuneration Committee as required under Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.	
Para No. 5 Point (c)	The Company is yet to constitute Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.	However, keeping in view the recent amendments in the Companies Act with regard to provisions for the appointment of Independent Director & Woman Director and constitution of the Audit Committee and Nomination & Remuneration Committee, the Holding Company and other Fellow Subsidiary Companies of CSPDCL have decided to retain the existing constitution of the Company i.e. "Public Limited".
Para No. 5 Point (c)	The constitution of the Audit Committee is yet to be modified in accordance with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.	

		<p>Accordingly, the Board of Directors of CSPDCL, in its meeting held on 16.10.2017, has decided to retain the constitution of the Company as Public Limited Company and to make a request to the Govt. of Chhattisgarh to appoint Independent Directors and Woman Director on the Board of Directors of the Company.</p> <p>After appointment of Independent Directors, the Company will be able to constitute/re-constitute Audit Committee, Nomination & Remuneration Committee and CSR Committee.</p>
Para No. 5 Point (d)	The Company is yet to establish Vigil Mechanism as required under Section 177(9) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.	Consequent to restructuring of CSEB in different companies, CSPHCL, being Holding Co., has formed Vigilance Mechanism and appointed Chief Vigilance Officer with adequate staff. This department is catering to the vigil mechanism of all CS Power Companies and CSPDCL will endeavour to further strengthen the same.
Para No. 5 Point (f)	The Financial Statements for the F.Y. 2014-15 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013.	<p>The Annual General Meeting of the Company for the Financial Year 2014-15 was held on 23rd December, 2015 i.e. within the extended time limit granted by the ROC. However, due to delay in preparation, finalization and audit of financial statement of the Company, the Financial Statements for the financial year 2014-15 could not be placed before the members of the Company at the above AGM.</p> <p>Subsequently, the Financial Statements for the F.Y. 2014-15 along with the comments of CAG were duly adopted by the members of the Company at their Annual General Meeting held on 01st December, 2016.</p>

Para No. 5 Point (g)	There was some delay in compliance of applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Further, the Company has not complied with Regulations 52 (i.e., Financial Results) and 58 (i.e., Documents and information to holders of non-convertible debt securities) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015	Necessary measures being taken on sustained basis.
Para No. 10	The existing systems and processes in the Company for monitoring and ensuring compliance with applicable laws, rules, regulations and guidelines should be further strengthened considering the size and operations of the Company.	Necessary measures being taken on sustained basis.

FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS



(SHIVRAJ SINGH)

CHAIRMAN

DIN: 05248101

ADD. H.NO. C/1/3, OFFICERS' COLONY,
FAFADIH, RAIPUR (C.G.)

PLACE, RAIPUR (C. G.)
DATE: 01.12.2017

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

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

1.	CIN	U40108CT2003SGC015822
2.	Registration Date	19 th May, 2003
3.	Name of the Company	M/s Chhattisgarh State Power Distribution Company Limited
4.	Category / Sub-category of the Company	Company Limited by Shares State Government Company
5.	Address of the Registered office & contact details	Vidyut Sewa Bhawan, Dangania, Raipur (C.G.) – 492013 Office: (0771) 2574200 Fax: (0771) 4066566 E-mail - mddiscom@cspc.co.in Website- www. cspdcl.co.in
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Main Activity group code Description	Description of Main Activity group	Business Activity Code	Description of Business Activity	% to total turnover of the company
1.	D	Electricity, gas, steam and air condition supply	D1	Electric power generation, transmission and distribution	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY –

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	M/s Chhattisgarh State Power Holding Company Limited Registered Office Address: Vidyut Sewa Bhawan, Dangania, Raipur (C.G.) 492013	U65993CT2008SGC020995	Holding Company	100.00%	Section 2 (46) of the Companies Act, 2013

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp (Govt. Co.)	-	2263103232	2263103232	100%	-	2263103232	2263103232	100%	0%
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub – total (A) (1):	-	2263103232	2263103232	100%	-	2263103232	2263103232	100%	0%
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-

Sub - total (A) (2):	-	-	-	-	-	-	-	-	-
Total Shareholding (A) = (A)(1)+ (A)(2)	-	2263103232	2263103232	100%	-	2263103232	2263103232	100%	0%
B. Public Shareholding									
I. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-

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

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Chhattisgarh State Power Holding Company Ltd.	2263103172	100%	-	2263103172	100%	-	0%
2.	Shri Shivraj Singh, IAS (Retired)	10	0%	-	10	0%	-	0%

	(For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)							
3.	Shri Aman Kumar Singh, Principal Secretary, Energy, Govt. of CG (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	10	0%	-	(0%)
4.	Shri D.S. Misra, IAS, Principal Secretary, Finance & Planning, Govt. of CG (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	-	-	-	(0%)
5.	Shri Amit Agrawal, IAS, Secretary, Finance, Govt. of CG (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	-	-	-	10	0%	-	0%
6.	Shri Ankit Anand, IAS (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	10	0%	-	0%
7.	Shri G.C. Mukherjee (For & on behalf of Chhattisgarh State Power Holding Company Ltd.)	10	0%	-	10	0%	-	0%
8.	Shri Sandeep Modi (For & on behalf of Chhattisgarh State	10	0%	-	10	0%	-	0%

Power Holding Co. Ltd.)							
TOTAL	2263103232	100%	-	2263103232	100%	-	0%

C) Change in Promoters' Shareholding.

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

D) Shareholding Pattern of top ten Shareholders.

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /	NIL			

transfer / bonus/ sweat equity etc.).	
At the end of the year	

E) Shareholding of Directors and Key Managerial Personnel.

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

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	12,795,649,992.28	5,261,698,769.96	-	18,057,348,762.24
ii) Interest due but not paid	-	341,113,394	-	341,113,394.00
iii) Interest accrued but not due	558,793,902.00	3,075,890.00	-	561,869,792.00
Total (i+ii+iii)	13,354,443,894.28	5,605,888,053.96	-	18,960,331,948.24
Change in Indebtedness during the financial year				
▪ Addition	4,707,822,587.07	2,738,901,217.38	-	7,446,723,804.44
▪ Reduction	8,738,316,046.00	1,312,542,161.00	-	10,050,858,207.00
Net Change	(4,030,493,458.93)	1,426,359,056.38	-	(2,604,134,402.56)
Indebtedness at the end of the financial year -				
i) Principal Amount	8,592,506,261.13	6,863,488,499.96	-	15,455,994,761.09
ii) Interest due but not paid		165,682,720.38	-	165,682,720.38
iii) Interest accrued but not due	731,444,174.22	429,973,69.86	-	774,441,544.08
Total (i+ii+iii)	9,323,950,435.35	7,072,168,590.20	-	16,396,119,025.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL –

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

SN.	Particulars of Remuneration	Name	
		Shri Ankit Anand, Managing Director	
		Total Amount	
1	Gross salary	1,160,783	1,160,783
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit – others, specify...	-	-
5	Others (Reimbursement of medical & other	-	-
Total (A)		1,160,783	1,160,783
Ceiling as per the Act		-	-

B. Remuneration to other directors –

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors	NIL	NIL
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
Total (B)-(1+2)			
Total Managerial Remuneration			
Overall Ceiling as per the Act			

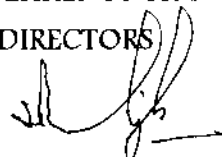
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD -

SN	Particulars of Remuneration	Key Managerial Personnel	
		SANDEEP MODI CFO	Total
1	Gross salary	2,476,387	2,476,387
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	Total	2,476,387	2,476,387

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS



(SHIVRAJ SINGH)

CHAIRMAN

DIN: 05248101

PLACE: RAIPUR (C. G.)

DATE: 01.12.2017

ADD: H.NO. C/1/3, OFFICERS' COLONY,

FAFADIH, RAIPUR (C.G.)



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED.

REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors of CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED.

1. We have audited the accompanying financial statements of **CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED** which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to 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 principles generally accepted in India including the Accounting Standards specified under the Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatements.

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6. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Major comments and observations, based on our audit, which in our opinion are significant and required provisions in the financial statements in certain cases mentioned herein. The net aggregate impact of non-provision on the loss for the year and /or on the assets/ liabilities and also there are cases as stated in para below wherein the quantum of impact though material is unascertainable. The distinguished reasons have been mentioned in our note below:

(a) Impairment of Assets

The Company has stated in Para of 'Significant Accounting Policies' that the impairment loss is charged to Statement of Profit and loss in the year in which an asset is identified as impaired as per Accounting Standard 28. However in the absence of techno economic assessment, we are unable to comment on the effect of the same on the Financial Statements of the Company.

(b) Employee Benefits

The Company has made a lump sum provision of ₹ 447.88 Crore for earned leave encashment to its retiring employees which is subject to actuarial valuation which is not in accordance with mandatory Accounting standard 15 issued by ICAI regarding "Employee Benefits".

(c) Cash System of Accounting

The Company has adopted cash system of accounting for 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 ₹ 165.11 Crore (PY ₹ 275.63 Crore) (Also refer note No. 8.1 to the financial statements). Following items are also accounted for on cash basis –

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- Rental from staff quarters.
- Liquidated damages and warranty claims.
- Interest on Bond with NPCIL.
- Audit Recoveries.

(d) **Confirmation And Reconciliation of Receivable And Payables**

Pursuant to disclosure under note 24 to the Financial Statements, Bonds and Debentures, Loan and Advances (assets and liabilities) and sundry creditors and debtors 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 impact thereof on the accounts and loss for the period.

(e) **Bank Reconciliation**

Bank balances as per Financial Statements of the Company as at 31.03.2016 are subject to reconciliation with Bank balances as per Bank. The company is in the process of reconciling bank balance in books of accounts with bank balances. Bank Balances includes bank accounts maintained at Regional Accounting Offices.

(f) **Deemed Deposits under Companies Act 2013**

As per the information given to us, the company has not maintained age wise details of Sundry Creditors and Sundry Debtors, thus we are unable to comment on Deemed Deposits as per Sec 73 to 76 of Companies Act 2013.

(g) **Contingent Liabilities**

Regarding Contingent Liabilities amount as disclosed in respect of claims pending Court / Legal / Tax cases / Labour Cases and commitments in respect of estimated amounts of Contract remaining to be executed on Capital Account have not been properly compiled and ascertained of the respective shared projects as per Accounting Standard 29.

(h) **Internal Audit**

As per section 138 of companies Act 2013 read with Rule 13 (1) (a) of Companies (Accounts) Rules, 2014 every listed company shall be required to appoint an Internal auditor. Though the company has appointed an Internal Auditor but the Internal Audit Report for the Financial Year 2015-16 is yet to be submitted.





Other Matters

- (a) Every public company which has paid up capital of ₹ 100 crore or more or turnover of ₹ 300 crore or more need to comply with the requirement of having at least of one woman director under section 149(1) of companies Act 2013. The Company does not have any woman director conforming the requirements under section 149(1) of Companies Act, 2013.
- (b) Section 204 (1) of Companies Act 2013 read with Rule 9 of Companies Rules, 2014 mandates Secretarial Audit for every Listed Company. Although the company has appointed Secretarial auditor for Secretarial audit but the Secretarial audit report has not been submitted.
- (c) Every public company which has paid up capital of ₹ 100 crore or more or deposits or borrowings of ₹ 200 Crore need to comply with the requirement of having Nomination and Remuneration committee under section 178 (1) of companies Act 2013. The Company does not have any Nomination and Remuneration committee.
- (d) Every qualifying Company which has turnover of ₹ 1000 Crore or more need to comply with the requirement of having Corporate Social Responsibility committee of the Board under section 135 of companies Act 2013. The company has not complied with the provisions of Section 135 of Companies, Act 2013.
- (e) As per Sec 177(9) of Companies Act, 2013 has to establish Vigilance Mechanism to report for any unethical behavior. The Company does not have Vigilance Mechanism. However the Company has appointed a Chief Vigilance Officer on 22.12.2014 to deal with the complaints against the employees and offices of the Company.
- (f) As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies (Meeting and Power of Board) Rules, 2014 deals with Audit Committee, as the Company do not have Independent Directors on its Board of Directors as required by Sec 177 of the Companies Act, 2013 consequent to which the Company could not comply with the statutory requirement in this regard.

Our opinion is not qualified in respect of paragraph (a) to (f) under **other matters**.

Qualified 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.





- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (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 Requirement

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, except as referred in our opinion reported in Annexure B attached with this report.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account, except as referred in our opinion reported in Annexure B attached with this report.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanation given to us:

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- (i) The Company has not adequately disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its financial statements.
- (ii) The Company has made provisions as at March 31, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Pandey & Co.

Chartered Accountants

Firm Reg. No.: 000357C

P.K. Pandey

Partner

Membership No. 013175



Place: RAIPUR

Date:

02 MAR 2017

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Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) In respect of its fixed assets:
- The Company has maintained records of fixed assets. However quantitative and situation wise details are not maintained in the fixed asset register.
 - The management has explained that physical verification of fixed assets 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.
 - The company possesses land received from MPSEB wherein records were not handed over during re-organization of erstwhile MPEB due to non traceability; hence we are not in a position to comment thereon.
- (ii) In respect of its inventories:
- As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at stores.
 - The relevant records for the physical verification were not produced before us for our review, hence we are not in a position to comment thereon.
 - As per information and explanation given to us, the company is maintaining proper records of inventory and discrepancies, if any, found during the course of physical verification has been properly dealt with by the management.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee, security and has not made any investment referred under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from Directors, Promoters their relatives and Inter Corporate deposits which are covered under Section 73 to 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of





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section 148 of the Act, and are of the opinion that, the prescribed accounts and records have not been properly maintained.

(vii) In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2016 for a period of more than six months from the date of becoming payable.
- b) Dues of CSPDCL for Custom Duty, Wealth Tax, Service Tax and Cess, which have not being deposited on account of dispute are under:

i. In respect of Income Tax Act, 1961

Sr. No.	Assessment Year	Gross Tax Liability demanded (₹ in Crore)	Unpaid Tax Liability (₹ in Crore)	Authority before which case is pending
1	2003-04	277.38	144.81	Pending before Hon'ble High Court of Chhattisgarh & Income Tax Appellate Tribunal (ITAT), Mumbai.
2	2006-07	373.36	246.60	Income Tax Appellate Tribunal (ITAT), Mumbai has passed order in favor of CSEB. However, jurisdictional Assessing Officer has wrongly interpreted the above factual and legal position and also the orders of CIT (Appeal) and ITAT, and has assessed the income at ₹ 840.75 Crore & served a demand notice of ₹ 269.60 Crore in the matter. The appeal filed against above demand notice before CIT (Appeal) has been dismissed. CSPHCL has filed an appeal and stay application before the ITAT, Mumbai within the time as stipulated under the provisions of Income tax Act which is pending.
3	2008-09	92.19	-	The matter is pending before CIT (A) / ITAT.
4	2009-10	266.49	-	

- a. The Jurisdictional Assistant Commissioner of Income Tax has raised a tax demand of ₹ 113.06 crore vide order dated. 30/12/2011 passed for Assessment Year 2009-10.

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The company has sought partial relief against said demand from Commissioner of Income Tax (Appeal) and now the outstanding demand including interest is ₹ 36.20 Crore. The company aggrieved from the order of CIT (A) has preferred an appeal to Income Tax Appellate Tribunal, who has granted stay against recovery of said demand. The matter is pending before ITAT, Mumbai Bench.

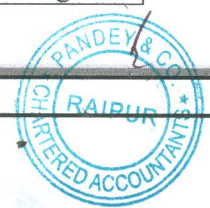
- b. The company through the online system of Income Tax Department has retrieved that an amount of ₹ 8.37 Crore is outstanding against TDS liability (Short Deduction/ Short Payment) and corresponding interest of ₹ 4.91 Crore against delay in short deduction/ short payment and the late filing fee including interest amounting to ₹ 0.70 Crore. The company is in process of obtaining necessary information of such distinguished cases from its decentralized office and Income Tax Department and liability will be provided only after due appraisal on cases to case basis.

ii. In respect of Value Added Tax

Sr. No.	Financial Year	Gross Tax Liability disputed (₹ in lacs)	Remark
1	2009-10	57.39	The Commercial tax department is of the view that liability of VAT exists against Meter Rent considering it as "Transfer of Right to use any Goods". The Company has deposited ₹ 5 lacs and ₹ 10.33 lacs before filing appeal to First and Second Appellate Authority. The matter is pending with the second appellate authority i.e. Vanijya Kar Tribunal for final disposal.
2	2010-11	63.79	The Commercial tax department is of the view that liability of VAT exists against Meter Rent considering it as "Transfer of Right to use any Goods". The department has adjusted entry tax refund of ₹ 2.77 lacs against the said outstanding demand. Further, the company has deposited ₹ 3.61 lacs before filing appeal before the first appellate authority i.e. Additional Commissioner (Appeal). The first appellate authority has decided the case against the company and now the company is in process of filing appeal before second appellate authority i.e. Vanijya Kar Tribunal.
3	2011-12	76.49	The Commercial tax department is of the view that liability of VAT exists against Meter Rent considering it as "Transfer of Right to use any Goods". Further, the company has deposited ₹ 1.03 lacs before filing appeal before the first appellate authority i.e. Additional Commissioner (Appeal). The first appellate authority has decided the case against

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Sr. No.	Financial Year	Gross Tax Liability disputed (₹ in lacs)	Remark
			the company and now the company is in process of filing appeal before second appellate authority i.e. Vanijya Kar Tribunal.

iii. In respect of Custom, Excise and Service tax:

Sr. No.	Description	Amount Involved (in ₹)	Status of the Case
1	CSPDCL V/s Central Excise (Appeal No. E/2229/2012 Ex (SM))	4,41,756/-	Pending before CESTAT, New Delhi
2	CSPDCL V/s Central Excise (Appeal No. E/1752/2012 Ex (SM))	10,000/-	Pending before CESTAT, New Delhi
3	CSPDCL V/s Central Excise (Appeal No. A/53240/2016 Ex (DB))	11,89,419/-	Pending before CESTAT, New Delhi

(viii) According to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

(ix) According to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.

(x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud has been noticed or reported.

(xi) The Company is a State Government Company and accordingly the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable. Hence, paragraph 3 (xi) of the Order is not applicable.

(xii) The Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any

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preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Pandey & Co.
Chartered Accountants
Firm Reg. No.: 000357C

P.K. Pandey
Partner
Membership No. 013175



Place: RAIPUR

Date: 02 MAR 2017

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Annexure B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

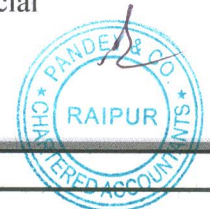
Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, except as stated below, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Accounting under proper head of Accounts was not correctly done at initial stages in SAP software. This has resulted in huge difference between the opening balances as per SAP

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software and opening balances as per financial statements. Further as per information and explanation provided, the differences that arose at the first time adoption of Accounting Software “SAP” has still not been corrected and reconciled. The figures of the current year transaction derived from the Accounting Software are manually adjusted for the figures arrived from the previous year closing figures to arrive at the current year closing figure as reported in the Balance Sheet.

Bank reconciliation has not been done at Regional offices of the Company resulting in differences with Bank balances as per Bank.

For Pandey & Co.
Chartered Accountants
Firm Reg. No.: 000357C

P.K. Pandey
Partner
Membership No. 013175



Place: RAIPUR
Date:

02 MAR 2017

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

BALANCE SHEET AS AT 31 ST MARCH'2016

Particulars	Note	₹ in Lakh	
		Current Year 31.03.2016	Previous Year 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3.1	226,310.32	226,310.32
(b) Reserves and surplus	3.2	(403,560.82)	(414,307.68)
(c) Money Received against Share Warrants			
(2) Share Application Money Pending Allotment	3.3	6,326.25	6,326.25
(3) Non-current liabilities			
(a) Long-term borrowings	4.1	75,689.66	144,578.20
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	4.2	355,273.29	272,418.75
(4) Current liabilities			
(a) Short-term borrowings	5.1	33,738.79	23,347.26
(b) Trade payables	5.2	279,638.70	298,196.07
(c) Other current liabilities	5.3	327,499.71	233,024.16
(d) Short-term provisions	5.4	35,765.89	27,351.96
TOTAL		936,681.80	817,245.30
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	6.1	334,352.75	364,824.77
(ii) Intangible assets	6.1	295.75	473.20
(iii) Capital Work-in-Progress	6.1	197,147.57	171,716.36
(iv) Intangible assets under development		-	-
(b) Non-current investments	6.2	60.00	60.00
(c) Deferred tax assets (Net)		-	-
(d) Long-term loans and advances	6.3	7,285.03	7,199.13
(e) Other non-current assets	6.4	41,202.32	39,759.73
(2) Current assets			
(a) Current investment		-	-
(b) Inventories	7.1	9,680.53	11,176.57
(c) Trade receivables	7.2	231,147.46	180,201.40
(d) Cash and Bank Balances	7.3	46,969.07	17,002.16
(e) Short-term loans and advances	7.4	705.30	829.71
(f) Other current assets	7.5	67,836.01	24,002.26
TOTAL		936,681.80	817,245.30

Significant Accounting Policies & Notes to Financial Statements

1 to 30

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, Pandey & Co.
FRN: 000357C

P.K. Pandey
Partner
M. No: 013175

Place: Raipur (CG)
Date :



02 MAR 2017

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

Managing Director

Company Secretary

Director

Chief Financial Officer

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH'2016

Particulars	Note	₹ in Lakh	
		Current Year 31.03.2016	Previous Year 31.03.2015
Revenue From Operations (Gross)	8.1	1,014,926.03	836,962.70
Less: Excise Duty		-	-
I. Revenue From Operations (Net)		1,014,926.03	836,962.70
II. Other income	8.2	2,838.91	4,380.02
III. Total Revenue (I+II)		1,017,764.93	841,342.72
IV. EXPENSES			
Cost of Power Purchase	9.1	864,659.68	780,809.94
Employee benefits expense	9.2	98,321.20	87,112.83
Finance costs	9.3	29,474.16	22,943.66
Depreciation and amortization expense	6.1	17,144.77	16,914.21
Other expenses	9.4	26,693.84	24,442.76
Total expenses		1,036,293.67	932,223.40
V. Profit before exceptional and extraordinary items and tax (III - IV)		(18,528.74)	(90,880.68)
VI. Exceptional items	10	(35,535.16)	(64,536.20)
VII. Profit before extraordinary items and tax (V + VI)		(54,063.90)	(155,416.88)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		(54,063.90)	(155,416.88)
X. Tax expense		-	-
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Income tax Arrears		-	-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		(54,063.90)	(155,416.88)
XII. Profit /(loss) from discontinuing operations		-	-
XIII. Tax Expense of discontinuing operations		-	-
XIV. Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XIII + XVI)		(54,063.90)	(155,416.88)
XVI. Earnings per equity share:			
(1) Basic	11	(2.32)	(6.68)
(2) Diluted	11	(2.32)	(6.68)

Significant Accounting Policies & Notes to Financial Statements

1 to 30

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, Pandey & Co.

FRN: 000357C

P.K. Pandey
Partner
M. No: 013175

Place: Raipur (CG)
Date :



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

Managing Director

Company Secretary

Director

Chief Financial Officer

02 MAR 2017

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR 2015-16

₹ In Lakh

	Current Year 2015-16 Amount in Lacs.	Previous Year 2014-15 Amount in Lacs.	
Cash flow arising from Operating Activities	(18,528.74)		(90,880.68)
Net Profit before Tax and Exceptional Items as per Statement of Profit and Loss:			
Add / (Deduct) :			
Depreciation and Amortisation expenses	17,144.77	16,914.21	
Interest Expenses	15,347.04	32,492	26,411
Operating cash profit before working capital changes	13,963.07		(64,469.43)
Add / (Deduct) :			
Increase / (Decrease) in Short Term Borrowing	10,391.53	(29,194.93)	
Increase / (Decrease) in Trade Payables	(18,557.37)	101,723.44	
Increase / (Decrease) in Other Current Liabilities	94,475.55	(206.58)	
Increase / (Decrease) in Short Term Provisions	8,413.94	2,917.34	
(Increase) / Decrease in Inventories	1,496.03	1,885.56	
(Increase) / Decrease in Trade Receivable	(50,946.07)	(54,769.48)	
(Increase) / Decrease in Short Term Loans & Advances	124.41	93.80	
(Increase) / Decrease in Other Current Assets	(39,733.75)	3,798.37	26,247.52
Cash generated from operations	19,627.35		(38,221.91)
Direct Taxes			
Net Cash Flow before Exceptional Items	19,627.35		(38,221.91)
Add: Exceptional Items	(35,535.16)		(64,536.20)
Cash flow after Exceptional Items	(15,907.81)		(102,758.11)
Add / (Deduct) :			
(Increase) / Decrease in Long Term Loans & Advances	(85.90)	(1,803.76)	
Increase / (Decrease) in Other Long term Provisions	82,854.54	104,172.00	
(Increase) / Decrease in Other Non Current Assets	(1,442.59)	(559.03)	101,809.21
Net Cash inflow/(outflow) in the course of operating activities after exceptional items and after adjustment of Other Non Current Assets & Liabilities	65,418.24		(948.91)
Cash flow arising from Investing Activities			
Acquisition/Disposal of fixed assets	5,824.73	(82,940.93)	
Net Investment in Capital WIP	(25,431.21)	(27,419.79)	
Sale/(Addition) in Investment		70.00	(110,290.72)
Net Cash inflow/ (Outflow) in the course of Investing Activities	(19,606.48)		(110,290.72)
Cash flow arising from Financing Activities			
Inflow :			
Increase / (Decrease) in Other Long term Borrowings	(68,888.66)	61,441.99	
Increase/(Decrease) in Consumer contribution towards cost of capital asset	295.12	5,696.65	
Increase/(Decrease) in Grant received under Uday Yojna	87,012.00		
Increase/(Decrease) in RGGVY grant towards cost of capital asset	(50,224.35)	27,960.64	
Increase/(Decrease) in GOCC contribution towards cost of capital asset	35,408.08	20,914.55	116,013.83
Outflow :			
Interest Paid	15,347.04		9,497.03
Net Cash from Financing Activities	(11,744.84)		106,516.80
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	34,066.91		(4,722.83)
Cash & Cash Equivalents (Opening)	12,193.95		16,916.78
Cash & Cash Equivalents (Closing)	46,260.86		12,193.95

As per our report of even date
For, Pandey & Co.
FRN: 000357

P.K. Pandey
Partner
M. No: 013175

Place: Raipur (CG)
Date :

02 MAR 2017



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

Managing Director
Company Secretary

Director
Chief Financial Officer

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

NOTE 3: SHAREHOLDER'S FUNDS

Note 3.1: SHARE CAPITAL

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Authorised Shares				
Equity Shares of Rs.10 par value	33000.00	330,000.00	33000.00	330,000.00
Issued, Subscribed & Fully Paid Up				
Equity Shares of Rs.10 each	22631.03	226,310.32	22631.03	226,310.32
Total	22631.03	226,310.32	22631.03	226,310.32

₹ in Lakh

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 2016	As at 31 March 2015
		Number	Number
Equity Shares			
Chhattisgarh State Power Holding Company Ltd	Holding Company	22,631	22,631
		22,631	22,631

Reconciliation of the number of Shares Outstanding

Particulars	Equity Shares	
	As at 31 March 2016	As at 31 March 2015
	Number	Number
Shares outstanding at the beginning of the year	22,631	22,631
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Any other movement	-	-
Shares outstanding at the end of the year	22,631	22,631

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

Name of Shareholder	Equity Shares			
	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chhattisgarh State Power Holding Company Ltd	22,631	100	22,631	100



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 3.2: RESERVES & SURPLUS

Particulars	₹ In Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
a. Capital Reserve - GOCG Grant under UDAY Yojna		
Balance as per last financial statements	-	-
Add: Received during the year *	87,012.00	-
Less: Amortized during the year	-	-
	87,012.00	-
b. GOCG Contribution towards cost of Capital Assets		
Balance as per last financial statements	76,582.24	60,607.30
Add: Received during the year	35,408.08	20,914.55
Less: Amortized during the year	6,738.44	4,939.61
	105,251.88	76,582.24
c. Grant under RGGVY against cost of Capital Assets		
Balance as per last financial statements	50,224.35	22,263.71
Add: Received during the year	-	27,960.64
Less: Written back pursuant to C&AG Audit Memo	(50,224.35)	-
	-	50,224.35
d. Consumer Contribution towards cost of Capital Assets		
Balance as per last financial statements	16,027.42	11,089.75
Add: Received during the year	295.12	5,696.65
Less: Amortized during the year	941.66	758.98
	15,380.88	16,027.42
e. Surplus		
Balance as per last financial statements	(557,141.69)	(401,724.81)
Profit for the year	(54,063.90)	(155,416.88)
Closing Balance	(611,205.59)	(557,141.69)
	(403,560.82)	(414,307.68)

* During the year under consideration, the company receives Rs. 870.12 crore under Ujjwal DISCOM Assurance Yojana (UDAY) of Central Government dated 05th November 2015 for financial turnaround of Power Distribution Companies. As per the scheme, State Government has taken over 75% of DISCOM debt as on 30th September 2015 over two years period - 50% of debt shall be taken over in F.Y. 2015-16 and 25% in F.Y. 2016-17. Accordingly, CSPDCL has parted away with following loan liability (being 50% of total debt as on 30th September 2015) of which details are as under:

Name of Lender	Loan (as at 30.09.2015) (in Lakh)	Loan repaid under UDAY (50%) (In Lakh)
Power Finance Corporation	3,355.10	1,454.10
Rural Electrification Corporation	8,296.50	5,934.70
Chhattisgarh State Power Holding Company Limited	2,231.50	1,231.50
Debentures- SECL	78.00	78.00
LIC Housing Finance	1.20	1.20
Bonds CSPDCL	2,575.00	-
State Government Loan	863.40	-
Others	1.70	1.70
Total	17,402.40	8,701.20

The contribution of Rs. 870.12 cr received from GOCG, being in the nature of promoter's contribution, is classified as Capital Reserve.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 9.3: SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	₹ In Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Share Application Money Pending Allotment	6,326.25	6,326.25
	6,326.25	6,326.25

- a. The Government of Chhattisgarh vide notification no.2020/F-21/13/09/13/2/ED dt.29th 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 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.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

NOTE 4: NON CURRENT LIABILITIES

Note 4.1: LONG TERM BORROWINGS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Secured Loans		
Rupee Term Loan from Power Finance Corporation Limited <i>Refer Note A below for nature of security and terms of repayment</i>	16,538.85	31,645.28
Rupee Term Loan from Rural Electrification Corporation Limited <i>Refer Note B below for nature of security and terms of repayment</i>	9,150.81	71,467.01
<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>		
Unsecured Loans		
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>	-	5,715.92
Loan from Chhattisgarh State Power Holding Company Limited	-	10,000.00
Bonds		
8.72% CSPDCL Bonds 2014-15	25,750.00	25,750.00
10.36% CSPDCL Bonds 2015-16 <i>(Refer Note C below for nature of security and terms of repayment)</i>	24,250.00	-
	75,689.66	144,578.20

Nature of Security

A. Against Loan from Power Finance Corporation:

Term Loan from Power Finance Corporation amounting to ₹190.83 cr. (PY ₹333.61 cr) (including current maturities) are secured by first charge in favour of PFC 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 quarterly 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 (R-APDRP Part A, Part B and Scada projects). The tenure of loan is for 10 years including moratorium period and at ROI of 9% pa and 12% pa for R-APDRP part B counter funding and 13% pa for Upgradation of Server Loan (STL). Sanctioned, the Company has drawn the first phase and second 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 ₹331.03 cr. (PY ₹755.59 cr.) (including current maturities) 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'13 for Atal Jyoti and February 2015 for STN.

C. Bonds

8.72% CSPDCL Bonds

During FY2014-15 CSPDCL has Issued State Government guaranteed, Unsecured, Redeemable Regular Return, Non Convertible Taxable bearing coupon rate 8.72% amounting to Rs.257.50 cr through private placement with Green Shoe Option.

The tenure of the bonds is 20 years and shall be redeemed as under: 1. At par 5% of the Amount mobilized and retained in the bond issue at end of 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th year from deemed date of allotment. 2. At par 10% of the Amount mobilized and retained in the bond issue at end of 16th, 17th, 18th, 19th, 20th year from deemed date of allotment.

10.36% CSPDCL Bonds

During FY2015-16 CSPDCL has issued State Government guaranteed, Unsecured, Redeemable Regular Return, Non Convertible Taxable bearing coupon rate 10.36% amounting to Rs.242.50 cr through private placement with Green Shoe Option.

The tenure of the bonds is 20 years and shall be redeemed as under: 1. At par 5% of the Amount mobilized and retained in the bond issue at end of 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th year from deemed date of allotment. 2. At par 10% of the Amount mobilized and retained in the bond issue at end of 16th, 17th, 18th, 19th, 20th year from deemed date of allotment.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 4.2: LONG TERM PROVISIONS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Provision for employee benefits		
Provision For Pension & Gratuity	313,832.29	272,418.75
Provision For Earned Leave Encashment	41,441.00	-
	355,273.29	272,418.75

NOTE 5: CURRENT LIABILITIES

Note 5.1: SHORT TERM BORROWINGS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Secured		
Loans repayable on demand from Bank		
Cash Credit Limits:		
Bank of India, Raipur (Against Hypothecation of stocks and Fixed Assets of the Company)	-	(0.25)
Union Bank of India (Against Hypothecation of Book Debts and Guarantee from State Government)	33,738.79	19,016.49
Overdraft Limit:		
Oriental Bank of Commerce (Against Lien on Fixed Deposits)	-	1,733.81
Bank of Baroda (Against Lien on Fixed Deposits)	-	2,597.21
	33,738.79	23,347.26

Note 5.2: TRADE PAYABLES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Trade Payables against Electricity, Stores and O&M Supplies ^	279,638.70	298,196.07
	279,638.70	298,196.07

^ 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.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 5.3: OTHER CURRENT LIABILITIES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
a. Current Maturities of Long Term Debts		
Debentures	-	780.47
State Government Loan (including APDRP Loan)	8,634.88	2,918.97
Loan from Chhattisgarh State Power Holding Company Limited	10,000.00	12,315.81
Loan from Rural Electrification Corporation	23,951.95	4,111.74
Loan from Power Finance Corporation	2,544.65	1,715.97
Other Loans	-	29.14
	45,131.49	21,872.11
b. Interest accrued and due on borrowings	2,121.84	931.41
c. Interest accrued but not due on borrowings:		
Against loan from Rural Electrification Corporation	419.22	253.36
Against loan from Power Finance Corporation	6,895.22	5,334.58
d. Interest payable on Consumer's Deposits *	-	4,868.21
e. Other Payables		
Deposit Works	54,482.27	40,095.79
Deposits & Retentions from Contractors & Suppliers	31,497.90	17,196.11
Deposits from Consumers	137,378.48	117,125.92
Unspent Fund Under RGGVY Scheme	28,788.84	9,819.70
Other Liabilities including Employees Related Liabilities	10,251.09	7,646.30
Liability for Electricity Duty	4,932.77	3,427.11
Liability for Electricity Cess	3,740.72	2,593.69
Inter Company Payable Account		
Chhattisgarh State Power Transmission Company Limited	1,346.82	1,346.82
Chhattisgarh State Power Generation Company Limited	513.04	513.04
	272,931.93	199,764.49
Total	327,499.71	233,024.16

* Interest against Consumer's Deposits for the relevant financial year has been adjusted against bills raised to consumer during the month of March 2016, accordingly, no provision for interest on consumer deposit is required.

Note 5.4: SHORT TERM PROVISIONS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Provision for employee benefits		
Provision for DA Arrears	505.53	503.85
Provision for Interim relief	1,318.24	4,542.10
Provision for Ex Gratia	715.12	506.00
Provision for Leave Encashment of Retired Employees	3,347.00	-
Contribution towards Pension and Gratuity Liability of Retired Employees	29,880.00	21,800.00
	35,765.89	27,351.96



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

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 2015	Additions	Deletions/Transfer*	Balance as at 1st April 2015	Depreciation change for the year	Deletions/Transfer
Tangible Assets (Under Lease)						
Leasehold Land	169.16	-	-	169.16	3.97	133.19
Tangible Assets						
Land	101.16	-	-	101.16	-	101.16
Factory Buildings	1,590.75	250.91	-	1,841.65	55.66	1,391.16
Office Buildings	2,399.37	901.97	-	3,301.34	452.16	2,849.18
Residential & Other Buildings	1,785.54	14.14	-	1,799.68	59.67	1,111.06
Hydraulic Works	169.93	5.19	-	175.13	7.75	62.95
Roads & Others	1,791.30	35.31	-	1,806.61	59.72	207.73
Plant, Machinery & Equipments	139,975.08	15,658.24	-	155,633.23	7,045.92	103,980.57
Lines & Cable Networks	317,958.04	27,534.35	-	345,492.39	16,939.63	221,908.91
Furniture & Fixtures	220.60	8.02	-	228.63	1.87	88.32
Office Equipments	495.77	8.56	-	504.33	11.22	167.09
Vehicles	254.04	-	-	254.04	0.06	25.96
Others	-	-	-	-	-	-
Computers	4,678.57	2.92	-	4,681.50	368.09	874.12
Asset Transfer under RGGVY scheme						
Plant, Machinery & Equipments	50,224.35	-	50,224.35	-	-	-
Total (I)	521,724.78	44,399.62	50,224.35	515,900.05	24,647.30	181,547.31
Amortization of Capital Grant for the year	-	-	-	-	7,680.10	-
Net Depreciation during the year					16,967.20	
Plus: Amortization of Capital Grant during previous year	305,865.08	132,918.77	-	438,783.85	22,435.35	304,319.19
Less: Amortization during previous year	-	-	-	-	5,698.29	-
Net Depreciation during previous year					16,736.76	

* Transfer pursuant to C&AG memo given in the supplementary audit of F.Y. 2014-15.

Note 6.1 (b): Intangible Assets

Particular	Gross Block		Accumulated Depreciation		NET BLOCK	
	Balance as at 1st April 2015	Additions	Deletions/Transfer	Balance as at 1st April 2015	Amortization during the year	Deletions
License Fees for SAP software						
Total (I)	1,183.00	-	-	1,183.00	709.80	897.20
Previous Year (I)	1,183.00	-	-	1,183.00	177.45	295.75
Capital Work in Progress						
Total (II)	1,183.00	-	-	1,183.00	177.45	709.80
Previous Year (II)	1,183.00	-	-	1,183.00	532.35	473.20

Note 6.1 (c): Capital Work in Progress

Particulars	Balance as at 31st March 2016	Balance as at 31st March 2015
Capital Work in Progress #	197,147.57	171,716.36
Previous Year	197,147.57	171,716.36
	171,710.36	144,196.58

The company has credit balances of Rs.361.77 Crore appearing in few treasury codes related to capital work in progress/ asset arising due to some technical issues related to switching of SAP database server. Since these balances relates to Capital Work in Progress, the same has been grouped in the Financial Statement along with other CWIP balances.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 6.2: NON CURRENT INVESTMENTS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Investments in Debenture & Bonds - Un-Quoted & Fully paid Up Nuclear Power Corporation of India Limited (6 Units of ₹10,00,000/- each)	60.00	60.00
Total	60.00	60.00

Note 6.3: LONG TERM LOANS & ADVANCES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Unsecured, Considered Good Loans and Advances against Capital Works Loans and Advances to Employees ^	7,153.05 131.98	6,775.50 423.63
Less: Provision for doubtful advances		
Total	7,285.03	7,199.13

^ The company has prepared employee wise schedule of all interest and non-interest interest bearing advances, accordingly, the difference of Rs.3.69 Crore has been charged in the current year profit and loss account.

Note 6.4: OTHER NON-CURRENT ASSETS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Unsecured, Considered Good Deposits With Government & Others Claim Receivable from Government of Chhattisgarh Advance Income Tax including TDS for the year Advance Income Tax including TDS for previous years (net of provision)	3,560.81 9,660.00 174.44 27,807.08	2,739.50 10,097.65 120.45 26,802.14
Total:	41,202.32	39,759.73



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

NOTE 7: CURRENT ASSETS

NOTE 7.1: INVENTORIES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Stores & Spares	9,265.71	10,812.63
Scrap & Unservicable Material (Valued at purchase cost or net realizable value whichever is lower)	414.82	363.94
Add: Material Shortage/(Excess) pending investigation *	752.18	549.18
Less: Provision for Material Shortage pending investigation	752.18	549.18
Total	9,680.53	11,176.57

* 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.

NOTE 7.2: TRADE RECEIVABLES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Trade receivables outstanding for a period less than six months		
Unsecured, considered good unless stated otherwise		
Unsecured, considered good	231,147.46	180,201.40
Unsecured, considered doubtful	28,387.40	28,387.40
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered doubtful	10,596.77	10,596.77
Less: Provision for doubtful debts	38,984.18	38,984.18
Total	231,147.46	180,201.40



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 7.3: CASH & BANK BALANCES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Cash and cash equivalents		
a. Balances with Banks		
Balances with banks in Current Accounts	46,129.72	4,231.45
Deposits with Original Maturity of less than three months #	-	-
b. Postage Stamps	0.43	0.43
c. Cash in hand		
Cash in Imprest	39.18	31.51
Fund/ Cash in transit	91.53	7,930.56
Total	46,260.86	12,193.95
a. Other Bank Balances		
Deposits with Original Maturity of more than three months but less than twelve months#	708.21	4,808.21
Total	708.21	4,808.21
Total	46,969.07	17,002.16

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

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Against Overdraft Facilities	-	4,808.21
Total	-	4,808.21

Note 7.4: SHORT TERM LOANS & ADVANCES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Unsecured, Considered Good		
Others		
Loans & Advances To Employees	14.85	134.88
Prepaid Expenses	690.46	694.83
	705.30	829.71
Less: Provision for doubtful loans and advances	-	-
Total	705.30	829.71

Note 7.5: OTHER CURRENT ASSETS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Interest accrued but not due on Fixed Deposits	8.13	74.88
Other Current Assets	1,691.20	10,443.30
Inter Company Receivable Account (Fellow Subsidiary)		
Chhattisgarh State Power Holding Company Limited	64,445.79	11,793.19
Chhattisgarh State Power Trading Company Limited	1,690.89	1,690.89
Total	67,836.01	24,002.26



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

NOTE 8: INCOME

Note 8.1: REVENUE FROM OPERATIONS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Sales of Services		
Industrial Power : High Tension	484,988.04	420,053.16
Parallel Operation Charges from CPP	6,757.04	6,371.46
Low Tension Consumers including Industrial Medium & Low Voltage	409,209.47	297,071.20
Meter Rent/Service line rental	2,651.65	2,033.04
Interstate Sale of Power including UI Charges	53,202.14	43,413.19
Total Sales	956,808.35	768,942.04
Other Operating Revenues:		
Wheeling Charges, Open Access & Cross Subsidy Charges	6,606.71	5,888.02
Reactive Energy Charges	159.07	346.95
Delay Payment Surcharge	10,626.90	15,285.69
	17,392.68	21,520.66
Revenue Subsidy	40,725.00	46,500.00
Revenue From Operations (Gross)	1,014,926.03	836,962.70
Less: Excise Duty		
Total	1,014,926.03	836,962.70

Pursuant to note no. 2(a) of Significant accounting policy regarding cash system of accounting followed for delayed payment surcharge on High Tension (HT) consumer, the company has reversed ₹ 165.11 crore (PY ₹ 275.63 crore) from the "other operating revenue" and has reduced sundry debtors for HT Consumer to that extent.

Note 8.2: OTHER INCOME

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Interest Income		
Interest on FDR	198.35	392.34
Interest on Advance to Contractors & Suppliers	235.01	226.00
Interest on Staff Loans & Advances	24.17	31.27
Interest received on application Money (Bonds)		36.35
	457.53	685.97
Net Income from Sale of Scrap	300.00	841.33
Rebate Claim on Power Purchase	497.30	228.38
Other Miscellaneous Income	1,584.08	2,624.35
Total	2,838.91	4,380.02

NOTE 9: EXPENSES

Note 9.1: COST OF POWER PURCHASE

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
a. Power Purchase #	762,317.22	677,623.89
b. Transmission Charges	102,342.46	103,186.04
Total	864,659.68	780,809.94

As per the tariff order dated 30.04.2016, CSERC has pass on the Fuel Cost Adjustment (FCA) charges raised by CSPGCL for the period October'2015 to March'2016 against ARR of FY 2016-17, accordingly, FCA charges payable to CSPGCL for the relevant period amounting to ₹ 282.84 crore shall be recognized during FY 2016-17.

The company has made provision of 2132.10 MU power valued at Rs. 607.65 crore as on 31st March'2016 for power to be delivered under power banking/swap arrangement during FY 2016-17 against electricity received during FY 2015-16.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 9.2: EMPLOYEE BENEFIT EXPENSES

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Salaries and incentives:		
Salary & Wages	74,282.89	68,484.17
Other Staff Costs *	2,847.45	1,083.62
Earned Leave Encashment to Retired Employees	1,136.29	475.54
Gratuity & Pension	21,787.00	18,718.61
Contribution to Provident Fund & Other Funds	1,491.45	1,208.41
Staff Welfare Expenses	962.04	649.19
	102,507.11	90,619.53
Less: Employee Cost Capitalized	4,185.90	3,506.70
Total	98,321.20	87,112.83

* Employee Benefit Expenses includes Rs. 1963.01 Lakh (PY Rs. 56.59 Lakh) relates to previous year included in "Other Staff Cost" of which details are as under :

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Short provision of Interim relief during previous year	1,594.27	-
Charges on reconciliation of Staff Advance	368.74	-
Other Staff Cost	-	56.59
Total	1,963.01	56.59

Note 9.3: FINANCE COSTS

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Interest expense:		
Interest on State Government Loan	768.50	910.93
Interest on Bonds	2,646.54	30.76
Interest on Debenture	53.59	70.11
Interest on PFC Loan	3,584.00	3,229.74
Interest on REC Loan	10,246.72	6,999.33
Interest on Security Deposit from Consumers	9,116.86	8,369.77
Interest on Working Capital Loan	3,491.93	4,610.22
Interest paid on application money (Bonds)	-	14.21
Expenses on Issue of Bonds/Debenture	1,180.05	-
Bank Charges	338.30	452.44
	31,426.48	24,687.50
Less: Interest & Finance Charges Capitalized	1,952.32	1,743.84
Total	29,474.16	22,943.66



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 9.4: OTHER EXPENSES

Particulars	₹ In Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Rent, Rates & Taxes	334.78	413.39
Insurance	12.89	12.36
<i>Repairing & Maintenance:</i>		
Plant & Machinery & Others	11,233.18	11,409.18
Building & Civil Works	994.64	989.09
Electricity Charges (Office & Other Consumption)	2,395.70	1,695.41
Service Contract including Legal & Professional Charges	834.22	834.90
Meter Reading & Other Merchandising & Service Contracts	5,061.99	4,613.52
Vehicle Running, Hiring and Maintenance	2,155.65	1,998.69
A & G Expenses of CSPHCL	1,276.42	1,024.28
Provision for Shortages in Inventory	203.00	5.33
Other Miscellaneous Expenses#	2,591.38	1,782.57
Auditor's Remuneration		
Statutory Audit Fees	7.50	7.50
Tax Audit Fees	2.50	2.25
	27,103.84	24,788.49
Less: Repairs & Maintenance Capitalized	37.25	33.15
Less: Administration & Other Expenses Capitalised	372.74	312.57
	Total	26,693.84
		24,442.76

Other Misc Expenses includes Rs. 736.74 Lakh pertains to previous year (PY Rs. (-) 65.47 Lakh)

Note 10 : Exceptional Item

Particulars	₹ In Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Income:		
Trading Surplus of Power from Jan 2009 to March 2010 ^	65,412.61	-
Income/ (Expense) recoverable from Future Tariff	-	42,853.00
Expense:		
Provision for Gratuity and Pension *	48,331.00	107,297.00
Reversal of Cross Subsidy Charges	7,828.77	-
Provision of Earned Leave Encashment to retired employees #	44,788.00	-
Fraud and Misappropriation	-	92.20
	Total	(35,535.16)
		(64,536.20)

^ Appellate Tribunal for Electricity (APTEL) vide its order dated 09th October 2015 has decided that surplus arising out of trading of power during transition period post reorganization of erstwhile CSEB (Jan-09 to March-10) amounting to Rs. 654.13 crore belongs to CSPDCL. Accordingly, the company has recognized trading surplus of Rs. 654.13 crore as an Exceptional income, the said trading surplus is recoverable from Chhattisgarh State Power Holding Company Limited as per directions of Honorable APTEL.

* 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 ₹ 217.87 Crore (classified under "Employee benefit Expenses") The company has undertaken actuarial valuation towards pension and gratuity liability of its retired employees as on 31st March 2015. As per AS -15 "Employee Benefits" the actuarial valuation of the present value of defined benefit obligation may be made at intervals, however such interval does not exceed three years block. The company has estimated an additional provision of Rs. 483.31 Crore based on previous year trends.

The Company has changed its accounting policy regarding accounting of earned leave encashment of its retiring employees from cash basis to mercantile basis and accordingly has charged a lump sum provision (based on fair estimate) of Rs. 447.88 Crore upto 31st March 2016.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2016

Note 11: EARNINGS PER SHARE

Particulars	₹ in Lakh	
	Current Year 31.03.2016	Previous Year 31.03.2015
Net Profit/(Loss) as per Profit & Loss Account available for Equity Shareholders	(54,063.90)	(155,416.88)
Weighted Average number of Ordinary Share Outstanding	22,631.03	22,631.03
Add: Weighted Average number of Potential Equity shares on account of Share Application Money	632.63	632.63
Cumulative Weighted Average number of Ordinary Share Outstanding for Basic EPS		
1. For Basic Earnings per Share of ₹10 each	23,263.66	23,263.66
2. For Diluted Earnings per Share of ₹10 each	23,263.66	23,263.66
Earnings per Share (In ₹)		
Basic	(2.32)	(6.68)
Diluted	(2.32)	(6.68)



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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, 2013 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 Accounting Standards referred in section 133 of the Companies Act, 2013. However, following items are accounted for on cash basis –

- Surcharge on Delayed Payment of HT Consumers.
- Rental from staff quarters.
- Liquidated damages and warranty claims.
- Interest on Bond with NPCIL
- Audit Recoveries

Change in accounting policy

The Company has changed its accounting policy regarding accounting of earned leave encashment of its retiring employees from cash basis to mercantile basis and accordingly has charged a lump sum provision of Rs. 447.88 Crore upto 31st March'2016. The company is in process of accumulating data for actuarial valuation, however, in the absence of valuation report, a cumulative lump sum provision upto 31st March'2016, based on fair estimate has been charged against the current year loss.

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.

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



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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 amortized @ 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 amortized @ 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.



(iii) Post-employment benefits: Earned Leave Encashment

The employees of the Company are entitled to compensate absences based on the unavailed leave balance post retirement of employees on accrual basis based on fair estimates.

r. Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed 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 yearend 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



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Notes to financial statements for the year ended 31st March, 2016

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.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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.
- ii. On bifurcation of erstwhile state of Madhya Pradesh, MPEB had sustained tax loss of ₹ 1,422.46 Crore and ₹ 993.65 Crore in FY 1999-2000 and FY 2000-01 respectively, aggregating to ₹ 2,416.11 Crore 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 Crore 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, Accordingly any adverse outcome of the case will have financial implication on the successor companies of erstwhile CSEB.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

- b. The demand has been raised against erstwhile 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 Crores	Unpaid Tax Liability in Crores	Authority before which case is pending
1	2003-04	277.38	144.81	Pending before Hon'ble High Court of Chhattisgarh & Appellate Tribunal, Mumbai
2	2006-07	373.36	246.60	Income Tax Appellate Tribunal (ITAT), Mumbai has passed order in favour of CSEB. However, jurisdictional Assessing Officer has wrongly interpreted the above factual and legal position and also the orders of CIT (Appeal) and ITAT, and has assessed the income at ₹ 840.75 Crore & served a demand notice of ₹ 269.60 crore in the matter. The appeal filed against above demand notice before CIT (Appeal) has been dismissed. The matter is pending before Appellate Tribunal.
3	2008-09	92.19	-	The matter is pending before CIT (A) / ITAT.
4	2009-10	266.49	-	

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 Crore 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. The matter is pending before ITAT, Mumbai Bench.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

- d. The demand has been raised against the company by the Commercial Tax Department after assessment of FY 2008-09 & onwards. The Company has filed appeal against order and cases are pending before Additional Commissioner (Appeal) of Commercial tax. The liability may arise based on outcome of the case. The year wise gross disputed demand against such liabilities are as under :-

Sl. No.	Financial Year	Gross Tax Liability disputed in lacs	Remark
1	2009-10	57.39	The Commercial tax department is of the view that liability of VAT exists against Meter Rent considering it as "Transfer of Right to use any Goods". The Company has deposited Rs. 5 lacs and Rs. 10.33 lacs before filing appeal to First and Seconds Appellate Authority. The matter is pending with the second appellate authority i.e. Vanijya Kar Tribunal for final disposal.
3	2010-11	63.79	The Commercial tax department is of the view that liability of VAT exists against Meter Rent considering it as "Transfer of Right to use any Goods". The department has adjusted entry tax refund of Rs. 2.77 lacs against the said outstanding demand. Further, company has deposited ₹ 3.61 lacs before filing appeal before the first appellate authority i.e. Additional Commissioner (Appeal). The first appellate authority has decided the case against the company and now the company is in process of filing appeal before second appellate authority i.e. Vanijya Kar Tribunal.
4	2011-12	76.49	The Commercial tax department is of the view that liability of VAT exists against Meter Rent considering it as "Transfer of Right to use any Goods". Further, company has deposited ₹ 1.03 lacs before filing appeal before the first appellate authority i.e. Additional Commissioner (Appeal). The first appellate authority has decided the case against the company and now the company is in process of filing appeal before second appellate authority i.e. Vanijya Kar Tribunal.

- e. The company has lodged claim of ₹ 7.98 lac, ₹ 310.41 lac and ₹ 1.91 lac against M/s. Dausa Transformers Udyog, Jaipur, M/s East India Udhdyog, Ghaziabad and M/s. United Electricals & Engg. (P) Ltd., Beharampur respectively against supply of inferior quality transformers. The suppliers have deposited the claim amount however M/s. United Electricals & Engg. (P) Ltd., Beharampur 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. The District Court has given award in favour of CSPDCL which has been challenged by the vendor in the High Court of Bilaspur for which decision is pending till date.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

- f. CSPDCL has filed appeal before Custom, Excise and Service Tax Appellate Tribunal (CESTAT) against the following orders of Commissioner (Appeal) Central Excise confirming the demand of excise duty on materials fabricated in PCC pole factory, Bhilai and Bishrampur, Sarguja. The details of cases are as under:

Sl. No.	Description	Amount Involved (in Rs.)	Status of the Case
1	CSPDCL V/s Central Excise (Appeal No. E/2229/2012 Ex (SM))	4,41,756/-	Pending before CESTAT, New Delhi
2	CSPDCL V/s Central Excise (Appeal No. E/1752/2012 Ex (SM))	10,000/-	Pending before CESTAT, New Delhi
3	CSPDCL V/s Central Excise (Appeal No. A/53240/2016 Ex (DB))	11,89,419/-	Pending before CESTAT, New Delhi

- g. A Claim has been lodged on the company by an ex-employee (R P Nayak) against termination of service on proven criminal offence under PC Act 1988 and the case is pending before the Honorable High Court of Bilaspur.
- h. M/s Shri Cement Private Limited filed an Appeal before Appellate Tribunal regarding interest on deposit amounting to Rs. 29.90 Lacs with regard to the methodology of Interest calculation on deposit, where in, company calculated the same from the date when connection is given and the customer calculated the interest from the date on which deposit was made. The matter is in under consideration with the Tribunal.
- i. The SLDC department of CSPTCL who is entrusted with the management of power for an on behalf of CSPDCL has instructed CPP/IPP's of the state for backing down of generation during FY 2012-13 (period from November'12 to February'13) since CSPDCL requires less power against the contracted load. The instruction is in accordance with the term set forth in the PPA with the private generators. However, despite instructions Jindal Steel and Power Limited has transmitted and billed (at normal tariff) power amounting to ₹ 5.51 Crore at the contracted load ignoring the instruction laid down by SLDC during the relevant period. Further additional claim of ₹ 1.55 Crore was also raised against surcharge against non-payment. CSPDCL has not admitted the claim of JSPL and have processed the bill @ ₹1 for the over injected power by JSPL. CSERC in the similar matter of M/s Vandana Global Ltd. And M/s Salasar Steel Power Ltd has justified the action taken by CSPDCL under petition no.46 and 47 of 2014 respectively.
- j. There are various appeal matters which are pending before various court of laws i.e. APTEL/Commission/High Court, the details of which are enumerated as under:

S.No.	Name of Parties	Reference of Matter (Appeal No.)	Nature of Dispute	Amount involved (in Lacs)
1	M/s Aresmeta Captive Power Plant	06/2015	DSM Charges	157.00
2	M/s SKS Ispat	99/2015	Delayed Payment Surcharge	22.20
3	M/s Vandana Global	265/2015	Backing Down Instructions	28.89

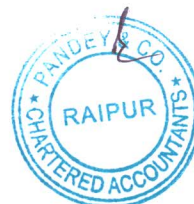


CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

S.No.	Name of Parties	Reference of Matter (Appeal No.)	Nature of Dispute	Amount involved (in Lacs)
4	M/s Salasar		Backing Down Instructions	66.31
5	M/s Vandan Vidyut Ltd	247/2015	Deduction from bill has been challenged	33.05
6	M/s Real Power Pvt. Ltd.	Petition No. 51/2016(M)	Parallel Operation Charges	194.47
7	M/s Monnet Ispat & Energy Pvt Ltd	Appeal No. 339/2016	Revision of Power Purchase bill for July-14	32.01
8	M/s API Ispat Ltd	Appeal No. 321/2016	Cross Subsidy Charges	19.85
9	M/s Ind Synergy Ltd	Petition No. 38/2016 (D)	Billing Arrears	495.13
10	M/s Kalindi Power & Shree Bajrang Power and Ispat Ltd		Delay Payment Surcharge	47.00

- k. M/s PSR Elecon Pvt Ltd, Hyderabad filed a case against the company in Commercial Court (District Level), New Raipur C.G. vide MJC no. 44/16 for Granting of Injunction restraining the company and its agents from invoking or encashment of Bank Guarantee amounting to Rs. 5.23 Crore (PBG no. BOM/0918/BG/PSRE/10/2012-13 dated 30/10/12 amounting to Rs. 2.88 Crore and BOOM/0918/Bg/PSRE/11/2012-13 dated 30/10/12 amounting to Rs. 2.35 Crore) against delayed in execution of RGGVY work and the same is under consideration before the Court.
- l. M/s CIPL (Coramandel Infrastructure Pvt Ltd) – PCPL (Pavani Contrls & Panels Ltd) JV Hyderabad has filed a case in City Civil Court, Hyderabad, O.P. No. 903 of 2015 dated 03/06/2015 for Granting of Injunction restraining the company and its agents from invoking or encashment of Bank Guarantee of Rs. 15.68 Crore and case is under consideration of the court.
- m. Outstanding Bank Guarantee issued in favour of Income Tax Department as at 31.03.2016 is ₹. 21.12 Crore (PY ₹. 21.12 Crore) and outstanding Letter of Credit issued against Power Purchase as on 31st March'16 is ₹ 130.80 Crore (PY ₹ 129.03 Crore).
- n. CSPDCL has filed various Appeal vide no. 17/2015, 18/2015 & 106/2016 in respect of FY 2011-12, 2012-13 & 2013-14 respectively regarding quantum of Renewal Power Obligation (RPO) for reduction of carbon emission under National Action plan announced by Government of India for climate change. Further, the company has filed petition before CSERC in the related matter for FY 2014-15.
- o. The company through the online system of Income Tax Department has retrieved that an amount of ₹ 8.37 Crore is outstanding against TDS liability (Short Deduction/ Short Payment) and corresponding interest of ₹ 4.91 Crore against delay in short deduction/ short payment and the late filing fees including interest amounting to ₹ 0.70Crore The company is in process of obtaining necessary information of such distinguished cases from its decentralized office and Income Tax Department and liability will be provided only after due appraisal on cases to case basis.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

- p. Employees of the company filed cases before High Court of Bilaspur, the details are as under:
- a) Dr. Hemlata Pathak- Against Increment in view of her enhanced educational qualification (Ph.D.), the case is rejected by ED (HR).
 - b) Petition filed by the petitioner to claim annual increment w.e.f. June'1988 instead of Nov'1988.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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

- q. 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 Crore 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 series of hearing has been held in the matter. However, the matter is still due for final disposal by the said authority.
- r. 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.	M/s East India Udyog Ltd, Ghaziabad	310.41
2.	M/s Fairdeal Transformers & Swg. Pvt. Ltd. Guna	142.86
3.	M/s Dausa Transformers Udyog, Jaipur	7.98
4.	M/s Somani Electricals (P) Ltd, Raipur	509.31
5.	M/s RBS Trans & S/gears(P) Ltd. Raipur	661.83
6.	M/s Shree Engineers , Korba	293.74
7.	M/s Tecmag Trans. (P) Ltd. Raipur	251.51
8.	M/s Arya Electricals, Raipur	566.01
9.	M/s United Electricals & Engg. (P) Ltd., Beharampur	1.91
	Total	2745.55

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. The District Court has given award in favour of the company except for M/s East India Udyog Ltd. Ghaziabad, who have filed case separately. The vendors have challenged the award I the Hon'ble High Court of Chhattisgarh at Bilaspur of which decision is pending till date.

- s. 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 Crore from M/s Salasar Steel & Power Ltd. Raigarh in place of cross subsidy charges, the matter is pending for final disposal.
- t. The company has filed a case in High Court of Bilaspur against Pankaj Kumar Kela & others Vide WP No. 38/2016 (cr) and 289/2015 regarding payment to contractor has been made with forged Signature of EE- Jagdalpur, EE- Bilaspur and EE - Kondagaon Division of CSPDCL amounting to ₹ 1.49 cr & ₹ 38.67 Lacs respectively and the case is pending before the court for disposal.
- u. Decree has been passed in favour of company by Hon'able Arbitration Tribunal in the case of KLG Systel Limited and allowed claim to the extent to Rs. 2.36 cr with interest @9.5% from the date of award and till the date of realization and cost of ex-parte award, which is qualified at Rs. 21 Lacs. CSPDCL preferred an Execution petition on 14.03.2014 which has been registered as petition No. 121 of 2014 before the trial court in Raipur Chhattisgarh. The Trial Court vide order dated 04-07-2014 was pleased to issue warrant of Attachment against the properties of company under liquidation. The matter was



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

taken up in the company court of High Court of Punjab and Haryana at Chandigarh as M/s KLG belonged to Haryana. The High Court passed an order in favour of CSPDCL on 16.02.2016 directing the Official Liquidator that out of the money available from sale proceeds of assets of the company, the claim of CSPDCL shall be settled as per priority and it is pertinent to mention that after settlement, amount received by CSPDCL will have to be paid to PFC, Ministry of Power.

- v. A firm M/s Gupta Power Infrastructure Ltd, Bhubaneshwar has filed a petition No.09/2014 in the month of April 2014 at Micro & Small Enterprises Facilitation Council Cuttack claiming interest amounting to Rs.3,58,08,191.98/- upto 28/02/2014 on account of delay payment under Micro, Small & Medium Enterprises Act, 2006. The matter is pending before the MSME Council, Cuttack further the final amount shall also depend on the decision of the Council since as per MSME Act,2006 interest amount is compounded on monthly basis.
- w. Company has raised a demand of Rs.153.13 crore (excluding Interest) to M/s JSPL for excess payment made for purchase of power during 2011-12 to 2012-13 under short term. The matter is subjudice before Honorable High Court of Chhattisgarh bearing Petition No. WP(c) 1927/2016. Further, an ad Interim stay issued by the Honorable High Court on aforesaid recovery.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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 Collectorates 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 01st 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 ₹ 12.76 cr (PY 10.24 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.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

17. Opening Balances transferred pursuant to transfer scheme:

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

Sl. No.	Particulars	₹ In Crore
ASSETS		
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
	Total Assets (C to P)	2359.89
LIABILITIES		
A	Surplus + Equity Adjustment	1,822.23
B	Reserve and Reserve Funds	91.03
C	Sub Total: Shareholder Equity	1,913.26
D	Total Funds from State Gov.	214.94
E	Payment Due on Capital Liabilities	149.03
F	Capital Liabilities	82.66
	Total Liabilities (C to F)	2359.89

- i. 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. As informed by CSPHCL, audit of erstwhile CSEB upto 31st 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 ₹131.91 crore from the account of CSPDCL during the relevant financial year, primarily, relating to opening balance, the matter has been duly accepted by CSPHCL.
- ii. CSPDCL was incorporated on 19th May'2003. The above balances notified by Government of Chhattisgarh on restructuring of erstwhile CSEB has been incorporated in the account of company on 01stJanuary'09and accordingly independent operations of the company has commenced with effect from 01st January'09.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

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

21. Estimated value of contracts remaining to be executed against capital commitments is Rs.580.32 crore as at end of the year.

22. Quantitative Details of Purchases and Sales of Energy in MUs and ₹ in Crore:

Energy Purchased and Sold	Purchases		Sales	
	In MU	₹ In Crore	In MU	₹ in Crore
F.Y. 2015-16	26488*	8646.60	18603	9548.79
F.Y. 2014-15	24006	7808.09	17102	7689.42

* including 2365.08 MU (PY – 75.30 MU) received through power banking.

23. Expenditures/Earnings in foreign currency: ₹ Nil

24. Balances of State Government Loan, Bonds and Debentures, Loans and Advances (assets and liabilities) and Sundry Creditors are subject to confirmation and reconciliation.

25. 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.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

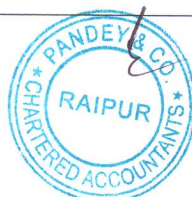
26. Balance Sheet, Statement of Profit & Loss Account and Cash Flow statement read together with the notes to the financial statement thereon, are drawn up so as to disclose the information required in respect of section 133 of the Companies Act, 2013, as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.
27. The Company is a state government undertaking engaged in the only in one activity i.e. 'Distribution of Electricity'. Hence Segment Reporting as per AS 17 is considered not applicable.
28. 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 Key Managerial Person including Managing Director:

Name of Related Party	Nature of relationship	2015-16 (₹)	2004-15 (₹)
Ankit Anand	Managing Director	11,60,783/-	-
Subodh Kumar Singh	Managing Director	-	95,123/-
Shashi Bhushan Agrawal	Director	-	-
Sandeep Modi	Chief Financial Officer	24,76,387/-	21,41,112/-
M/s IFFCO Chhattisgarh Power Limited	Common Director	-	-

29. In compliance of accounting standard relating to "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India and pursuant to accounting policy mentioned in note no. 2(x), 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 arising during the year, accordingly no provision for deferred tax is required in the statement of profit and loss. The quantum of un-recognized Deferred Tax Asset as at 31st March'16 is ₹ 188709:48 Lakh. The detail calculation is provided in table given below:

Sl. No.	Particulars	Amount (₹ in Lakh)
a.	Opening Unrecognized Deferred Tax Asset as at 01.04.2015	172,838.48
b.	Depreciation as per Income tax Act	(24,253.68)
c.	Depreciation as per Company Act	17,144.77
d.	Net timing difference liability arising out of above depreciation adjustments (b+c)	(7,108.90)
e.	Allowance of Statutory Audit Fees disallowed earlier to implication of section 40 a (ia)	(2.25)
f.	Disallowance of Statutory Audit Fees due to section 40 (a) (ia)	3.00
g.	Disallowance of Commission to MSTC u/s 40(a) (ia)	3.67
h.	Disallowance of Provision of Interest on Debentures Fees due to section 40 (a) (ia)	16.08
i.	Net timing difference asset arising out of above section 40 a (ia) adjustments (e+f+g+h)	20.50
j.	Disallowance of Provision made for Material Shortage/ Excess Pending for Investigation u/s. 37	203.00
k.	Disallowance of Provision of Gratuity and Pension due to section 40A (7)	48,331.00
l.	Disallowance of Provision of Earned Leave due to section 40 (a) (ia)	44,788.00



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2016

Sl. No.	Particulars	Amount (₹ in Lakh)
m.	Net timing difference asset arising out of section 37+40A+43B adjustments (j+k+l)	93,322.00
n.	Business loss u/s. 72 allowed to be set off against current Year Income	(34,407.95)
o.	Unabsorbed depreciation allowed to be set off against current Year Income u/s. 32 of Income Tax Act	(457.53)
p.	Net timing difference liability arising out of carried forward and Set off of loss and unabsorbed depreciation (n+o)	(34,865.48)
q.	Net Timing Difference arising during FY 2015-16 (d+i+m+p)	51,368.11
r.	Net Timing Difference Liability Thereof @ 30.90% of "p"	15,872.75
s.	Reversal of Deferred Tax Asset pursuant to change in accounting policy for recognition of deferred tax asset as mention in significant accounting policy in note no. 2 (x) (a+r)	188,712.45
	Closing Deferred Tax Asset (a+q-r)	-

30. Figures of previous years have been split up and regrouped wherever necessary and rounded off to nearest lakhs so as to correspond to current year's figures.

As per our report attached
For Pandey & Company
FRN No. 000357C

P.K. Pandey
Partner
Membership No. 013175
Place: Raipur (CG)
Date :



For, Chhattisgarh State Power Distribution
Company Limited

Managing Director

Director

Company Secretary

Chief Financial Officer

02 MAR 2017

02 MAR 2017