



# **CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**

**ANNUAL REPORT  
FOR  
FINANCIAL YEAR  
2014-15**



## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

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

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

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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 their 12<sup>th</sup> Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2015.

#### 1) CONSTITUTION OF THE COMPANY.

Your Company was incorporated on 19<sup>th</sup> May, 2003 as a Public Limited Company vide Certificate of Incorporation No. U 40108 CT 2003 PLC 15822 issued by the Registrar of Companies, M.P. & C.G.. The Board of Directors of your Company, in its meeting held on 10<sup>th</sup> July, 2015 has passed a resolution for change in the constitution of the Company from Public Limited to Private Limited, subject to approval of the State Govt. and members of the Company. The Company has sent the proposal for approval of the State Govt. The proposed change in the constitution of the Company will not have any effect on the Govt. Company status of the Company.

#### 2) DISTRIBUTION UNDERTAKINGS VESTED IN THE COMPANY.

In accordance with the provisions of the Electricity Act, 2003, the State Government, vide Notification No. F1-8/2008/13/1 dated 19<sup>th</sup> December, 2008, had issued the Chhattisgarh State Electricity Board Transfer Scheme Rules, 2008 with regard to the transfer of properties, undertakings, interests, rights, obligations, liabilities, personnel and proceedings from Chhattisgarh State Electricity Board (CSEB) to its Successor Companies viz., Chhattisgarh State Power Generation Company Ltd., Chhattisgarh State Power Distribution Company Ltd, Chhattisgarh State Power Transmission Company Limited, Chhattisgarh State Power Trading Company Limited and Chhattisgarh State Power Holding Company Limited.



Subsequently, the State Government, vide Notification No. F-21/13/2010/13/2 dated 31.03.2010, had issued the Chhattisgarh State Electricity Board Transfer Scheme Rules, 2010, in supersession of the Chhattisgarh State Electricity Board Transfer Scheme Rules, 2008. As per the above Transfer Scheme Rules, the Distribution Undertakings of erstwhile CSEB stood transferred to and vested in Chhattisgarh State Power Distribution Company Limited on and from the Appointed Date i.e. 1<sup>st</sup> January, 2009.

**3) SUBSIDIARY COMPANY & GOVT. COMPANY STATUS.**

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 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. Thus, your Company is a Government Company as defined under section 2 (45) of the Companies Act, 2013.

**4) 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 31<sup>st</sup> March, 2015. 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.

**5) FINANCIAL RESULTS.**

PARTICULARS	(Rs. in Crore)	
	F.Y. 2014-15	F.Y. 2013-14
Revenue from Operations	8369.63	7075.70
Other Income	41.52	36.04
Profit/(Loss) before depreciation, exceptional & extraordinary items & taxation	(1812.72)	(791.49)
Less: Depreciation & Amortization Expenses	169.14	171.04
Profit/ (Loss) before exceptional & extraordinary items & taxation	(1981.86)	(962.53)
Less : Exceptional & Extraordinary items	(427.61)	(466.23)
Profit/ (Loss) before Prior Period Adjustment and Tax	(1554.25)	(496.30)

Prior period Income/(Expense)	0.08	134.12
Profit / (Loss) before tax	(1554.17)	(630.42)
Less: Tax expenses	0.00	0.00
<b>Profit/(Loss) after taxation</b>	<b>(1554.17)</b>	<b>(630.42)</b>

During the financial year 2014-15, the Company has earned Revenue from Operations amounting to Rs. 8369.63 crore as compared to Rs. 7075.70 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.

Accordingly, the net loss of the Company was Rs. 1554.17 crore during the financial year under review as compared to net loss of Rs. 630.42 crore during the previous financial year. The power purchase cost and finance cost has also increased during the year under review, however, the major reason for huge loss is provision for pension and gratuity to the tune of Rs.1072.90 crore, on the basis of actuarial valuation report as on 31<sup>st</sup> March, 2015.

#### 6) OPERATIONAL PERFORMANCE.

During the period from 01.04.2014 to 31.03.2015, 7003 KM Sub-transmission Lines and 10928 KM Low Tension (Distribution) Lines were constructed. Including the above, the total length of Sub-transmission Lines and Low Tension (Distribution) Lines stood at 105451 KM and 154945 KM respectively at the end of the financial year. During the period under review, 61 Nos. new 33/11 KV Sub-station and 14935 Nos. new 11/0.4 KV Distribution Transformers were established as a result of which, the capacity was increased by 1564 MVA. As on 31.03.2015, there were 945 Nos. 33/11 KV and 113907 Nos. 11/0.4 KV Sub-stations with total capacity of 14051 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. 2014-15
1.	33 KV Lines	KM	890.00
2.	11 KV Lines	KM	6113.00
3.	Low Tension Lines (400-230 Volts)	KM	10928.00
4.	33/11 KV Sub-stations installed	Nos.	61
5.	11/0.4 KV Sub-station installed	Nos.	14935

6.	Installation of Additional Transformer in existing 33/11 KV Sub-station	Nos.	39
7.	Increase in capacity of Transformer of existing 33/11 KV Sub-stations	Nos.	11
8.	Increase in capacity of 11/0.4 KV Transformers	Nos.	344

◆ 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	143.00
2.	11 KV Lines Construction	KM	366.00
3.	Distribution Lines for Services (For New Connections)	KM	632.00 +85.00 (Conversion)
4.	Distribution Lines for Street Lights	KM	29.00 +64.00 (Conversion)
5.	Street Lights (Points)	Nos.	2114
6.	New Distribution Transformers	Nos.	2077
7.	Increase in Capacity of Distribution Transformers	Nos.	344
8.	Connection provided:		
	Single Phase	Nos.	140119
	Three Phase	Nos.	19886
	High Tension Connection	Nos.	225 (174 MVA)
	Load enhancement in existing HT connection	Nos.	122 (96 MVA)

◆ RURAL ELECTRIFICATION.

Out of total 19567 villages (as per Census 2011), 18487 villages were electrified as on 31.03.2015 and 1080 villages are un-electrified. Out of 1080 villages, 416 villages are covered under ongoing RGGVY, 121 villages are proposed under DDUGJY, 149 villages

are proposed for electrification through non-conventional (off-grid) and 394 villages are covered under special package – DDG.

S.No.	Particular			Nos.
01	Total inhabited villages as per Census 2011			19567
02	Total electrified villages as on 31.03.15			18487
03	Villages balance for electrification as on 31.03.15	UE	DE	Total
		845	235	1080
04	Villages covered under ongoing RGGVY	416	0	416
05	Balance villages to be electrified	429	235	664
05 (A)	Proposed to be electrified through off-grid by CREDA due to forest & long distance from grid.	18	131	149
05 (B)	Villages sanctioned in DDUGJY	46	75	121
05 (C)	Villages where survey could not be done	365	29	394

◆ RGGVY in Chhattisgarh

Concept to commissioning work of RGGVY has been entrusted to 03 CPSUs viz. NHPC, NESCL & PGCIL but after refusal by PGCIL for execution of LWE affected districts namely Bastar (including Narayanpur & Kondagaon), Dantewada (including Bijapur & Sukma) & Korla and Jashpur by NESCL, CSPDCL has taken over the responsibility for implementation the project.

RGGVY is applicable in all the 18 districts of the state. Detailed Project Reports have been prepared on the basis of old 16 districts with the coverage of all villages of the state. The then newly created district Narayanpur and Kondagaon is bifurcated from district Bastar and district Bijapur & Sukma from district Dantewada.

Scheme for 03 districts namely Kabirdham (Kawardha), Durg and Janjgir-Champa sanctioned for Rs. 174.973 Crore under 10<sup>th</sup> five year plan and have been completed and closure accepted by REC Ltd. As on 31.03.2015, Rs. 160.3094 Cr. have been disbursed to implementing agencies and Rs. 172.664 Cr. have been incurred.

Scheme for 13 districts namely Rajnandgaon, Raipur, Dhamtari, Mahasamund, Kanker, Bilaspur, Korba, Raigarh, Surguja, Bastar (including Narayanpur), Dantewada (including

Bijapur), Korea and Jashpur have been sanctioned for Rs. 1185.61 Crore under the 11<sup>th</sup> five year plan. As on 31.03.2015, work in 07 districts namely Rajnandgaon, Raipur, Dhamtari, Mahasamund, Kanker, Bilaspur, Korba have been completed and closure submitted to REC Ltd. As on 31.03.2015, Rs. 796.6051 Cr. have been distributed to implementing agencies and Rs. 827.4088 Cr. have been incurred as expenditure.

02 district projects namely Korea (Rs. 81.3231 Cr.) & Jashpur (Rs. 94.7934 Cr.) have been sanctioned on 16.12.2011 under Phase-II of XI plan. Award for Korea & Jashpur districts have been placed on various turnkey contractors for Rs. 69 Cr. & Rs. 77.76 Cr. respectively.

Under 12<sup>th</sup> plan, 04 district projects namely Janjgir Champa (Rs. 92.20 Cr) Mahasamund (Rs. 44.84 Cr), Dhamtari (Rs. 67.85 Cr) & Korba (Rs. 81.19 Cr) have been sanctioned and award have been placed to turn-key contractor.

Five Year Plan wise progresses of villages and BPL as on 31.03.2015 is as below:-

Particular	Sanctioned provisions			Work Completed			Handed Over		
	10 <sup>th</sup> Plan	11 <sup>th</sup> Plan	Total	10 <sup>th</sup> Plan	11 <sup>th</sup> Plan	Total	10 <sup>th</sup> Plan	11 <sup>th</sup> Plan	Total
UE/DE Village	56	1675	1731	56	1261	1317	56	1193	1249
Intensive Villages	3093	12974	16067	3093	12308	15401	3093	12084	15177
BPL	134459	757398	891757	134459	573409	707868	134459	554426	688885

Achievement during FY 2013-14 and FY 2015-16 up to 31.03.2015.-

Particular	Achievement FY 2013-14	Achievement FY 2014-15
UE/DE Village (Nos.)	358	253
PE Village (Nos.)	2839	1725
BPL Connection (Nos.)	124667	112959
Expenditure (Rs. In Crore)	178.27	99.35

◆ RGGVY-XII Plan

MoP, GoI vide office memorandum No. -44/10/2011-RE dated 02.09.13 has conveyed continuation of RGGVY in XII & XIII Plan for:-

- (a) Completing spill over works of projects sanctioned in X & XI Plan.
- (b) Continuing the scheme for covering all remaining census villages and habitations with population of above 100.
- (c) Providing free electricity connections to BPL house-holds @ Rs. 3000/- per connection in villages and habitations with population of above 100.
- (d) 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-FDCL. Present status of DPRs sanctioned and submitted for sanction is furnished as below:

S.No.	Name of sanctioned project	Sanctioned cost of Project (Rs. In Crore)	Remarks
1	Janjgir-Champa	92.2044	Contract award issued on 26.08.2014 for Korba, Dhamtari & Mahasamund and on 17.03.2015 for Janjgir-Champa.
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	PE	BPL	UE	PE	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

◆ **Majra-Tola Electrification.**

After Census 1971, no accurate information regarding Majra-Tola is available in any Census Statement. However, the detail was mentioned regarding residential area in Censuses 2001. On the basis of the above, there are 35096 Majra-Tola in the State of Chhattisgarh.

During the period from 01.04.2014 to 31.03.2015, the electrification was completed in 194 Majra-Tola by which there were 25195 Electrified Majra-Tola as on 31.03.2015. As a result of the above, the percentage of Majra-Tola Electrification in the State reached to 71.78%.

◆ **Electrification of Irrigation Pumps**

During the period from 01.04.2014 to 31.03.2015, the line extension work has been completed for 24892 pumps and 343723 pumps have been energized up-to 31.03.2015.

◆ **Kisan Samridhi Yojna (Indira Khet Ganga Yojna)**

The State Government started a scheme in the name of Indira Khet Ganga Yojna in the year 2002 (presently, the scheme is known as Kisan Samridhi Yojna). In the above scheme, in rain shadow area, the irrigation facilities are made available to farmers through pump electrification.

During the period under review, the line extension work has been completed for 179 pumps and 124 pumps have been energized under the above scheme.

◆ **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 01.04.2014 to 31.03.2015, total 44724 connections have been provided to the above category families. As a result, there are 1596982 B.P.L. Connections to the above category families as on 31.03.2015.

#### ◆ 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 are to be separated in second phase covering 29594 pumps of 1950 villages, out of which work of 167 feeders have been separated covering 30603 pumps of 1692 villages.

#### DDUGJY & IPDS SCHEME

In the year 2014 Govt. of India has 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 consumers 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. 1247.72 Cr. for the State under DDUGJY scheme. Similarly an amount of Rs. 489 Cr. has been sanctioned for state under IPDS scheme.

#### 7) FUTURE PROSPECTS & PLANS.

**HVDS Scheme.** – The High Voltage Distribution System scheme, as the name suggests, has the great scope of T&D loss reduction by 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 & Sakti Division. In Saraipali division out of 58 feeders, 22 No. feeders have been completed & 36 Nos. feeders are under progress. Under Akaltra Division, 29 No. feeders are to be converted into HVDS system, out of which work of 11 feeders have been completed & 18 No. feeders have been awarded to different agencies and their work are under progress. Also tendering process are being done for the works under Kawardha & Sakti Division.

**R-APDRP.-** R-APDRP scheme part A Project has been taken up by CSPDCL under aegis of Ministry of Power, Govt. of India. Under this scheme, 22 Major towns of the State having population more than 30,000 & above has been selected. Under this project, Detailed Project Report amounting to Rs. 165 Cr. has been sanctioned out of which Rs. 122 Cr. shall be loan amount which shall be converted into grant on successful implementation of the Project within 3 years.

**R-APDRP PART B.-** To reduce line losses in above 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 & other work. Work of 15 town got completed works of rest 4 Towns is under progress will be completed within time frame given by GoI.

#### 8) 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.
- 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 quarter 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 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 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.
- 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.

#### 9) DIVIDEND

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

#### 10) 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.

## 11) 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.

The Energy Department, Govt. of Chhattisgarh has appointed Shri S. B. Agrawal, Managing Director of Chhattisgarh State Power Generation Company Ltd. as its Nominee Director w.e.f. 19.05.2015. Further, the Energy Department, Govt. of Chhattisgarh has also appointed Shri Amit Agrawal, Secretary (Finance), Govt. of Chhattisgarh as its Nominee Director in place of Shri D.S. Misra w.e.f. 19.05.2015 and Shri N. Bajjendra Kumar, ACS (Energy) as its Nominee Director in place of Shri Aman Kumar Singh w.e.f. 24.05.2016.

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 N. Bajjendra Kumar, I.A.S.	Nominee Director
3.	Shri Amit Agrawal, I.A.S.	Nominee Director
4.	Shri Ankit Anand, I.A.S.	Managing Director
5.	Shri S. B. Agrawal	Nominee Director

Further, Mr. Sandeep Modi, Executive Director (Finance), has been appointed as Chief Financial Officer of the Company w.e.f. 23.12.2014 and Miss Neha Gyanchandani, Company Secretary of M/s Chhattisgarh State Power Holding Company Limited, Holding Company of the Company, has been appointed as Company Secretary of the Company w.e.f. 30.03.2015 in compliance with the provisions of section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014.

## 12) 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.

**13) NUMBER OF MEETINGS OF THE BOARD:**

Eight (8) Board Meetings were held during the Financial Year ended March 31<sup>st</sup>, 2015.

**14) AUDIT COMMITTEE :**

The Audit Committee of the Company comprises the following directors:

SL. NO.	NAME OF HON'BLE DIRECTOR	DESIGNATION
1.	Shri N. Baijendra Kumar, I.A.S.	Non-Executive Director
2.	Shri Amit Agrawal, I.A.S.	Non-Executive Director
3.	Shri Ankit Anand, I.A.S.	Executive Director

**15) NOMINATION & REMUNERATION COMMITTEE:**

Your Company is required to constitute a Nomination & Remuneration Committee as per provisions of Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. Since the Government of Chhattisgarh has not yet appointed Independent Directors on the Board of Directors of the Company, the above Committee could not be constituted in compliance with the provisions of the Companies Act, 2013.

16) CORPORATE SOCIAL RESPONSIBILITY :

Your Company is required to constitute a Corporate Social Responsibility (CSR) Committee as per provisions of section 135(1) of the Companies Act, 2013. Since the Government of Chhattisgarh has not yet appointed Independent Directors on the Board of Directors of the Company, your Company could not constitute Corporate Social Responsibility (CSR) Committee.

Keeping in view loss suffered, the Company was not required to incur any expenditure on CSR activity during the year under review.

17) 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.

18) STATUTORY AUDITOR.

M/s Pandey & Co., Chartered Accountants, Raipur were appointed statutory auditor of the Company by the Comptroller and Auditor-General of India (CAG) for the financial year 2014-15.

19) 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 2014-15 are enclosed herewith as Annexure – "A".

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 2014-15 are enclosed herewith as Annexure – "B".

20) COST AUDITORS .

The Board of Directors of your Company, in its meeting held on 29<sup>th</sup> September, 2014, has appointed M/s Rakshit & Associates, Cost & Management Accountants, as the Cost Auditor for audit of the Cost Accounting Records of your Company for the financial year 2014-15

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 2011-12 & 2012-13 on 01/11/2014 & 24/11/2015 respectively. The Cost Audit Report for the Financial Year 2013-14 & 2014-15 is under process.

**21) INTERNAL AUDITOR:**

Your Company has appointed Shri Ramesh Verma, DGM (F&A) of the Company, as Internal Auditor of the Company for financial year 2014-15 in compliance with the provisions of section 138 of the Companies Act, 2013.

**22) SECRETARIAL AUDIT**

Your Company has appointed M/s S.G. Kankani & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year 2014-2015 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. 2014-15 furnished by the Secretarial Auditor is enclosed herewith as Annexure – "C".

Further, the observations of the Secretarial Auditor along with Management's replies thereto for the financial year 2014-15 are enclosed herewith as Annexure – "D".

**23) 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.

**24) 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.

**25) SUBSIDIARIES, JOINT VENTURES & ASSOCIATE COMPANIES:**

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



**26) TRANSACTIONS WITH RELATED PARTIES:**

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

**27) 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.

**28) 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.

**29) 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	CSPDCL has started distributing 09 watt LED lamps with 3 years guarantee under “Mukhyamantri LED lamp Vitran Yojna” for conservation of energy. The program has started on 13 <sup>th</sup> March 2016 from Rajnandgaon. Approximately 42 lakhs LED has been distributed till 31 <sup>st</sup> August 2016 in the State. <ul style="list-style-type: none"><li>• Installation of star rated transformer in distribution system is the most effective method of energy conservation as well as loss reduction measures.</li></ul>
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		<p>CSPDCL has started to procure and install 3 and 4 star rated distribution transformers only. Accordingly, 13445 Nos and 7604 Nos DTs have been installed during the year 2013-14 and 2014-15 respectively.</p> <ul style="list-style-type: none"> <li>• Installation of 11 KV Capacitor Bank in 11 KV feeders at 33/11 KV S/s is another effective way of conservation of energy. There are 09 Nos Capacitor Bank of 10.2 MVAR and 16 Nos Capacitor Bank of 18.3 MVAR capacity have been installed during the year 2013-14 and 2014-15.</li> <li>• Automatic Meter Reading (AMR) system has been adopted in all HT and LT connections in the State. Similarly, 6450 AMR have been installed in 80 industrial and non domestic connections up to 2014-15.</li> <li>• CSPDCL is laying of LT AB Cable in theft-prone areas in place of bare conductor to prevent direct theft as well as conservation of energy. For this purpose, apprx 1409 Km AB Cable has been laid up to 2013-14 apart from RAPDRP.</li> </ul> <p>143894 Nos meters have been shifted from premises to outside at visible place.</p>
(ii)	the steps taken by the company for utilizing alternate sources of energy	Nil



(iii)	the capital investment on energy conservation equipment's	Nil
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**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**

**30) 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 – "E".

**31) STATUS OF CASES FILED PURSUANT TO 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. One case during the financial year is filed under "Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013". The action has been taken against respondent and no case is pending which is registered in financial year 2014-15.

### 32) 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.

### 33) 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.

### 34) 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.

### 35) 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.

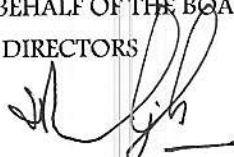
**36) VIGILANCE MECHANISM:**

In the meeting of the Board of Director of the Company held on 23<sup>rd</sup> December, 2014, the Board of Directors of the Company has passed a resolution for establishment of Vigilance Mechanism in the Company in compliance of provisions of section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. The Company is in the process of establishment of Vigilance Mechanism.

**37) 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

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

PLACE: RAIPUR (C. G.)

DATE: 28/09/2016

ANNEXURE – "A" TO DIRECTORS REPORT

MANAGEMENT REPLY

TO

AUDITORS COMMENTS CONTAINED IN THEIR AUDIT REPORT

PARTICULARS	MANAGEMENT REPLY
<u>AUDITORS REPORT</u>	
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.	The auditor's comments on sub paras (a),(b),(c),(d),(e),(f),(g),(h),(i),(j),(k)&(l) have been discussed below in detail.
<b>a. <u>Impairment of Assets</u></b> The Company has stated in Para of 'Significant Accounting Policies' that the impairment loss is charged to Profit & loss A/c 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.	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 its asset is carried at more than its recoverable amount through use or sale of assets. The asset should be described as impaired and the enterprises should recognize an impairment loss. Further as the determination of valuation of asset in terms of its remaining economical benefits and remaining useful life is a matter of technical assessment, which requires a constitution of committee which shall access the impairment of the assets. However the same shall be taken care of in future.
<b>b. <u>Employee Benefits</u></b> Company has adopted cash system of accounting of earned leave encashment to its retiring employees which is not in accordance with mandatory Accounting standard 15 issued	The auditor's comments represent the factual position and no comment is required disclosure in this regard has been made para(a) and q(ii) of Significant accounting

by ICAI regarding "Employee Benefits" in the absence of necessary information to quantum of such liability as at 31 <sup>st</sup> March 2015 is indeterminate.	policies
c. 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.275.63 Crore (Also refer note No. 22 of the financial statement).	The auditor's comments represent the factual position and no comment is required disclosure in this regard has been made para(a) and q(ii) of Significant accounting policies
d. Pursuant to disclosure under of the Financial Statements, bonds and Debentures, Loan and Advances (assets and liabilities) and sundry creditors 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.	The auditor's comments represent the factual position, disclosure in this regard has been made in point 29 in Notes to Financial Statements.
e. Bank Balances includes bank account maintained at Regional Accounting Offices, the same are subject to reconciliation.	The auditor's comments represent the factual position.
f. The company has implemented system for identification of enterprises qualifying under the definition of Medium Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act 2006 (MSMED). However a claim for interest amounting to Rs.3.58 Crore up to 28/02/2014 under Micro, Small and Medium Enterprises Development Act 2006 (MSMED) was filed against the Company by petition No. 09/2014 in the month of April 2014.	The auditor's comments represent the factual position. Further, timely and correct information on account of any amount and interest payable or any dispute arising with MSME must be reported separately along with other contingent liability and claim raised against the company by any other party. As the same is to be reported and provided in the books separately. However the same shall be taken care of in future.
g. As per the information given to us, Company has not maintained age wise details of Sundry	A MIS report must be developed in the SAP system so as to figure out the period wise



<p>Creditors and Sundry Debtors, thus we are unable to comment on Deemed Deposits as per Sec 73 to 76 of Companies Act 2013.</p>	<p>outstanding balance not only for the consumers but also for the debtors showing credit balance. As the same is treated as Deemed Deposit in accordance with Sec 73 to 76 of Companies Act 2013. However the same shall be taken care of in future.</p>
<p>h. 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>Due to time constrain information from field offices were not received at the time of audit. However the same shall be taken care of in future.</p>
<p>i. The company capitalized Fixed Assets amounting Rs. 279.61 Crore received from Government (GOCG) to operate and maintain said assets under RGGVY scheme and respectively credited the Capital Reserve of Rs. 279.61 Crore since the assets are not owned by CSPDCL, therefore in our opinion Fixed Assets is overstated by Rs. 279.61 Crore and capital Reserve is overstated by Rs. 279.61 Crore. Please refer Note mentioned under 6.1(a) regarding "Fixed Asset".</p>	<p>RGGVY scheme is a Central (90%) and State (10%) Government funded scheme. The ownership of the assets created under the scheme are to be transferred to the state government, however the work of R&amp;M and operational expenses is to be carried out by the company i.e. CSPDCL hence the assets are being added to fixed assets of the company and simultaneously liability under the capital reserve is also created. However no depreciation is being charged on those assets.</p>
<p>j. 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. Although a Company has appointed an Internal Auditor on 30.09.2014 but the Internal Audit Report for the Financial Year 2014-15 is yet to be submitted.</p>	<p>The auditor's comments represent the factual position.</p>
<p>k. As per Sec 204 (1) of Companies Act 2013 with Rule 9 of Companies Rules 2014 mandates Secretarial Audit for every Listed Company. As per Board minutes, Company have not any Secretarial auditor for Secretarial audit. So we are unable to comment on it.</p>	<p>The auditor's comments represent the factual position. Requirements of Section 204(1) of Companies Act 2013 with Rule 9 of Companies Rules 2014 which mandates CSPDCL to conduct Secretarial Audit the same should be taken care of to avoid auditor's qualification and penal provision of the Act.</p>

<p>1. As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies Rules, 2014 deals with Audit Committee, as the Company is not having Independent Directors on its Board as required by Sec 177 of the Companies Act, 2013 as a result the Company could not comply the Statutory requirement in this regard.</p>	<p>The auditor's comments represent the factual position.</p>
<p><b>OTHER MATTERS</b></p>	
<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. Company does not have any Woman Director</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. Accordingly, the Board of Directors of the Company, at its meeting held on 23rd December, 2014, has decided to make a request to the Government of Chhattisgarh for appointment of woman director in compliance of the relevant provisions of the Companies Act, 2013. Subsequently, the Company has requested the Govt. of C.G. to appoint Woman Director, however, the Govt. of C.G. has not yet appointed any Woman Director.</p> <p>Meanwhile, 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 a public limited company to a private limited company. In compliance of the above, the Company is in the process of obtaining necessary approval from the Govt. of C.G. and its lenders. After conversion of the Company into a private limited company, the Company will not be required to appoint a Woman Director in its Board of Directors.</p>
<p>b) Every public company which has paid up capital of Rs. 100 crore or more or Deposit or borrowings of Rs. 200 crore or more need to comply with the requirement of having</p>	<p>As per provisions of Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, every public company having</p>

<p>Nomination &amp; Remuneration Committee u/s 178(1) of Companies Act, 2013. Company not having any Nomination &amp; Remuneration Committee.</p>	<p>paid-up share capital of Rs. 10 crore or more or turnover of Rs. 100 Crore or more or outstanding loans, deposit and debentures exceeding Rs. 50 Crore as on the date of last Audited Financial Statements shall constitute a Nomination &amp; Remuneration Committee consisting of minimum 3 non-executive directors, 50% being independent.</p> <p>Since, the Govt. of Chhattisgarh has not yet appointed Independent Directors, the Company could not constitute Nomination &amp; Remuneration Committee in compliance of the above provisions of the Companies Act, 2013.</p>
<p>c) 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 u/s 135 of Companies Act, 2013.</p>	<p>As per provisions of section 135(1) of the Companies Act, 2013, every company having Net Worth of Rs 500 crore and above; or Turnover of Rs. 1000 crore and above; or Net Profit of Rs. 5 crore and above in any of the three preceding financial years, shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.</p> <p>Since, the Govt. of Chhattisgarh has not yet appointed Independent Directors, the Company could not constitute Corporate Social Responsibility (CSR) Committee in compliance of the above provisions of the Companies Act, 2013.</p>
<p>d) As per Section 177(9) of Companies Act, 2013 has to establish Vigilance Mechanism to Report for any unethical behaviour. As Board minutes Company is not having Vigilance Mechanism. However, the Company has appointed Chief Vigilance Officer on 22.12.2014 to dealt with the complaints against the employees and offices of the Company.</p>	<p>In the meeting of the Board of Director of the Company held on 23<sup>rd</sup> December, 2014, the Board of Directors of the Company has passed a resolution for establishment of Vigil Mechanism in the Company in compliance of provisions of section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. The Company is in the process of establishment of Vigil Mechanism.</p>



<u>ANNEXURE TO AUDITOR'S REPORT</u>	
<p><u>PARA NO. I</u> – In respect of its fixed assets:</p> <p>a) The Company has maintained records showing location wise details fixed assets. However <i>quantitative details are not maintained in the fixed asset register.</i></p> <p>b) The management has explained that physical verification of fixed asset is a perpetual process undertaken at divisional and sub-divisional level. <i>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.</i></p>	<p>(a) The fixed assets register maintained at H.O. on the basis of information available in the SAP system. As due to limitation of the system and voluminous number of component in a asset, the quantitative details are not available in the fixed assets register maintained at H.O. However detail quantitative details of assets are maintained at respective division and sub division offices.</p> <p>(b) Due to time constrain information from field offices were not received at the time of audit. However the same shall be taken care of in future.</p>
<p><u>PARA NO. II</u> – In respect of its inventories:</p> <p>a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at respective stores.</p> <p>b) <i>In our opinion and according to the information and explanations given to us, the relevant records for the physical verification were not produced before us for our review, we are not in a position to comment thereon.</i></p>	<p>(a) The auditor statement represents the factual position and doesn't require any comment.</p> <p>(b) The detail records of physical verification are maintained at store offices. Due to time constrain all physical verification report were not received at the time of audit. However the same shall be taken care of in future.</p>
<p><u>PARA NO. IV</u> – In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of</p>	<p>The data of CSPDCL has been migrated to a new server in the SAP system. In the migration process various information for which details were not available such as information on various assets &amp; liabilities assign to various companies from the erstwhile CSEB vide the</p>

<p>electricity and services. <i>However, 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. And accounting/internal control for the purchase of fixed assets as well as conversion of capital work in progress into Fixed Assets has not been correctly reflected in the SAP software, as well as Bank reconciliation has not been done at Regional offices of the Company.</i></p> <p>Further, on the basis of our test check carried out in accordance with the auditing standard generally accepted in India of books and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the SAP.</p>	<p>Govt. of C.G. notification. Moreover, upto May, 2010, the RAO's &amp; Store's of CSPDCL &amp; CSPTCL were functioning as a common and were not bifurcated at field level. The process of Capitalization of capital work in progress to final assets has to be initiated from the division and sub division level and the final capital assets are formed at RAO level on the basis of information provided to them from the field offices, which is often delayed. In order to avoid loss of revenue in the tariff and for claiming depreciation in the income tax returns information on the assets which are actually capitalized and put to use during the relevant financial years were capitalized in the annual accounts and are latter on incorporated in the SAP system. Further the bank reconciliation of most of the RAO's has been regularized and every efforts are being made to regularize the pending reconciliation of some RAO's.</p>
<p><b>PARA NO. VI</b> – 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 and last cost audit conducted for the Financial year 2012-13.</p>	<p>The company has maintained the cost records in pursuant to the rules made by the Central Government of India, as specified under sub-section (1) of section 148 of the Act. However there is delay in preparation and audit of the same and efforts is being done to regularize the same.</p>
<p><b>PARA NO. VII</b> – 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. <i>According to the</i></p>	<p>The auditor's comments represent the factual position.</p>

<p><i>information and explanations given to us, except as noted below no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.</i></p> <p>In respect of Electricity Duty &amp; Cess</p> <p>-Liability for Electricity Duty &amp; Cess in Financial Statements is of Rs. 60.21 Crore and Actual Payment made is Rs.50.07 Crore. So the reconciliation is required for the difference and duty of Rs.10.14 Crore should be dealt accordingly.</p>	
<p><b>PARA NO. VIII</b> - The accumulated losses are more than the net worth of the Company and Cash Losses have been incurred in the current and previous financial years.</p>	<p>The auditor's comments represent the factual position; however the company is a Public Utility and is functioning under the regulatory regime. The tariff is decided by the Hon'ble CSERC taking into consideration various factors.</p>
<p><b>PARA NO. XII</b> - 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, fraud of Rs. 6.21 Crore occurred in the working Jurisdiction of Bilaspur &amp; Jagdalpur during the FY 2012-13, 2013-14 &amp; 2014-15 <i>stated in Note no.2(x) of the notes to financial statements.</i></p>	<p>During the FY 2014-15, frauds pertaining to years FY 2012-13, 2013-14 &amp; 2014-15 amounting to Rs.6.21 Crore came into notice the same has been disclosed by the company in the notes to financial statement. Further a committee has been set up to investigate the same.</p>

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: 28/09/2016

ANNEXURE – “B” TO DIRECTORS REPORT

MANAGEMENT REPLY

TO

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA (CAG)

<u>PARTICULARS</u>	<u>REPLY OF MANAGEMENT</u>
<u>A. COMMENTS ON PROFITABILITY</u>	
<u>STATEMENT OF PROFIT &amp; LOSS EXPENDITURE</u>	
<p>Note 9.4. Other Expenses. Rs. 245.08 crore</p> <p>This does not include Rs. 26.34 crore being demand from Income Tax Department against short deduction/ short payment of TDS by the Company, late payment interest, late deduction interest 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 mentioned the same under the notes to financial statement only. This has resulted in understatement of other Current Liabilities and Other Expenses as well as Loss by Rs. 26.34 crore.</p>	<p>The company is in the process of obtaining necessary information of such cases from various offices and Income tax department. Further in the due course various corrective actions such as revising of defective returns and filing of reply of the notices with the Income tax department has been taken up by the decentralized offices. As a result of which there has been reduction in the amount of tax liability (Copy of liability nullified against some TAN No. of the company was provided to the audit as evidence). As the exact amount is yet to be quantify the company have not provided for its liability in the books of accounts. Further as soon as the final liability is ascertained the provision shall be made in the books of accounts.</p>
<p>Prior Period Income /(Expense) (Note-11),Rs.0.09 crore</p> <p>This does not include Rs.096 crore being the Energy Charges payable for the period April, 2010 to March, 2011 and paid in September, 2015. The Expenditure has been booked under current year</p>	<p>The matter relating to payment of differential amount of Rs. 0.96 Crores was under reconciliation and taken up by the Energy Secretary, GOCG during the meeting held on 21/05/2015. Though the matter pertains to previous years however the same was resolved</p>

<p>expenditure which has resulted in understatement of Prior Period Expense and overstatement of Cost of Power Purchase as well as Expenditure for the current year by Rs.0.96 crore.</p>	<p>and finalized during the FY 2015-16 and payment made during the month of Sep'2015. As the account of the FY 2014-15 was opened any yet to be signed by the Statutory Auditor therefore as the liability was fixed, the same was taken into consideration during the FY 2014-15.</p>
<p><b><u>B. COMMENTS ON FINANCIAL POSITION</u></b></p>	
<p><b><u>BALANCE SHEET</u></b> <b><u>ASSETS</u></b></p>	
<p><b>Tangible Assets (Note 6.1): Rs.3648.25 crore.</b></p> <p>This includes Rs. 49.97 lakhs being the cost of land resettlement pertaining to financial year 2001-02 which was passed to the Company in the opening Balance Sheet from erstwhile Chhattisgarh State Electricity Board (CSEB) at the time of reorganization of CSEB into five Companies. The Company has no details of the above amount included in its Tangible Assets (Leasehold Land, Rs.49.52 lakh and Freehold Land, Rs.0.46 lakh). Neither any action has been taken to identify and correctly depict the amount in the accounts despite lapse of more than 13 years, nor the fact has been disclosed in the Notes to Financial Statements.</p>	<p>The cost of land resettlement pertaining to FY 2001-02 amounting to Rs.49.97 lakhs as mentioned in the Para has been passed to CSPDCL in the opening balance sheet from the erstwhile CSEB at the time of bifurcation of CSEB into five Companies. Further, these assets has been transferred to erstwhile CSEB at the time of bifurcation of earlier MPEB between MPSEB &amp; CSEB. In the absence of any detail description or estimate the same is treated by CSPDCL in the manner the asset was allocated in asset register i.e Rs.45844/-accounting code A 070101 and Rs.4951643/- accounting code A 070120 which pertains to the G/L code of Freehold land and Leasehold Land respectively. The matter shall be investigated into and if necessary correction action shall be made in the accounts of FY 2015-16.</p>
<p><b>Capital Work in Progress (Note 6.1): – Rs. 1717.16 crore</b></p> <p>The above includes Rs. 136.45 crore being the value of ongoing works (CWIP) w.r.t. implementation of Rajiv Gandhi Gramin</p>	<p>As per the agreement, capital project aided by REC and erected by the executing agencies (NESCL/ PGCIL etc.) are transferred to Govt. of Chhattisgarh (GOCG) who has authorized CSPDCL to operate and maintain said assets to effect power supply in the project areas and</p>



<p>Vidyutikaran Yojana (RGGVY) Scheme. The assets created under the scheme are owned by the Government of Chhattisgarh who has authorized the Company to operate and maintain these assets to effect power supply in the scheme areas and derive consequential benefits out of such assets. As the Company is a beneficiary of these assets though the ownership of the assets lies with Government of Chhattisgarh, the Capital Work in Progress in respect of RGGVY assets should be separately disclosed in the accounts alongwith note on nature of these assets.</p>	<p>derive consequential benefits out of said assets CSPDCL stands as beneficiary in above agreement and though the ownership of the assets lies with GOCC, the operation and maintenance of said projects are entrusted to CSPDCL. CSPDCL has therefore separately classified these assets in its schedule of Fixed Assets (Note-6.1) with corresponding credits in Capital Reserve namely "Grant under RGGVY against Cost of Capital Assets" under Reserve and Surplus under Note No.3.2. However, till the assets are fully Capitalized, the same are shown in CWIP of the company along with other assets and this practice is being followed consistently by the company.</p>
<p><b>C. <u>COMMENTS ON DISCLOSURE</u></b></p>	
<p><b><u>Significant Accounting Policies &amp; Note to Financial Statements.</u></b></p> <p>5. The Company has not disclosed the capital works commitments of Rs.576.55 crore in the notes to accounts as per requirement of Schedule –III of Companies Act, 2013 - General instructions for preparation of balance sheet point no.6 (T) "Contingent liability and Commitments". Thus, the requirement of Companies Act, 2013 has not been complied with.</p>	<p>The matter is noted for future compliance. It is to be mentioned that the matter has also been qualified by the Statutory Auditors in its Audit Report. However, due to non availability of records at the time of statutory audit the same could not be quantified by the Statutory Auditors. Further the matter is related to disclosure of statement and does not have any impact on the profit and loss and balance sheet of the company.</p>
<p><b><u>D. Comments on Auditor's Report</u></b></p>	
<p><b><u>Auditor's Report</u></b> <b><u>Auditor's Report u/s 143(5) &amp; (6) of the Companies Act, 2013 (Annexure-I)</u></b></p> <p>6. A reference is invited to <i>item no. XII (2) A. Details of Cases settled during the year of</i></p>	<p>The desire information is required to be gathered from various departments during the course of statutory the information was not available and could not be provided to the statutory auditors due to time shortage. The</p>

Annexure to the Auditor's Report, wherein it has been mentioned that "*No such details were brought to our notice for our review*".

However, as per the information furnished by the Company in respect of court cases pending/settled during the financial year 2014-15 there were 46 cases settled. Hence, the Auditor's Report is deficient as it failed to report the status and impact of non-review of the above information.

same has also been mentioned by the statutory auditors in his report u/s 143(5) & (6) of the Companies Act 2013. However in the time span of signing of audit report and supplementary audit, the information was sent by various departments which were provided to the A.G. Auditors. The matter shall be taken utmost care of in the future.

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. 28/09/2016

CHHATTISGARH STATE  
POWER DISTRIBUTION  
COMPANY LIMITED

(CIN: U40108CT2003SGC015822)

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

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR 2014-15



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 2014-15

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

To,

THE MEMBERS,

M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

(CIN: U40108CT2003SGC015822)

VIDYUT SEWA BHAWAN,

DANGANIA, RAIPUR (C.G.)

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 in compliance of the provisions of.

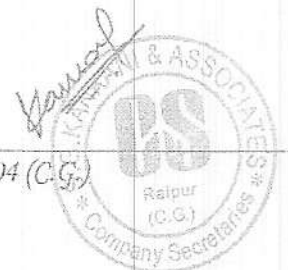
- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Electricity Act, 2003 and the Rules, Regulations and amendment made thereunder.

1

CSPDCL- SECRETARIAL AUDIT REPORT - FY 2014-15

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

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





# S.G. KANKANI & ASSOCIATES

## COMPANY SECRETARIES

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 has not appointed Independent Directors in the Board of Directors of the Company as required under section 149 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014.*
- b) *The Company has not appointed Woman Director in the Board of Directors of the Company as required under section 149 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014.*
- c) *The Company has not constituted 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.*
- d) *The Company has not constituted 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.*
- e) *The Company has not established 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.*

We further report that since the Company is a unlisted public limited company, therefore, the Securities and Exchange Board of India Act, 1992 and the regulations and guidelines prescribed thereunder and the Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder are not applicable to the Company.

We further report that the Secretarial Standards issued by the Institute of Company Secretaries of India have been notified by the Ministry of Corporate Affairs, Govt. of India, w.e.f. 1<sup>st</sup> July, 2015, hence, the same were not applicable during the financial year under review.

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





# S.G. KANKANI & ASSOCIATES

## COMPANY SECRETARIES

the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

*We further report that there are no adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.*


We further report that during the audit period under review, the Company has issued/allotted 2575 (Nos.) State Government Guaranteed, Unsecured, Redeemable, Non-Convertible Debenture 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: 28.09.2016

FOR, S.G. KANKANI & ASSOCIATES  
COMPANY SECRETARIES

  
(KAMLESH OJHA)

PARTNER

ACS NO.: 39476

CP NO.: 14660



CSPDCL- SECRETARIAL AUDIT REPORT - FY 2014-15

69, 1<sup>ST</sup> FLOOR, MATA LAXMI CLOTH MARKET, PANDRI, RAIPUR - 492 004 (C.G.)

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



S.G. KANKANI & ASSOCIATES  
COMPANY SECRETARIES

ANNEXURE-A

To,

THE MEMBERS,

M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

(CIN: U40108CT2003SGC015822)

VIDYUT SEWA BHAWAN,

DANGANIA, RAIPUR (C.G.)

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


- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the 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 28.09.2016

FOR, S.G. KANKANI & ASSOCIATES

COMPANY SECRETARIES

  
(KAMLESH OJHA)

PARTNER

ACS NO. 39476

CP NO. 14660



ANNEXURE "D" TO DIRECTORS' REPORT

MANAGEMENT REPLY TO SECRETARIAL AUDITORS COMMENTS CONTAINED IN THEIR  
SECRETARIAL AUDIT REPORT

PARTICULARS	REPLY OF THE MANAGEMENT
<p>The Company has not appointed Independent Directors in the Board of Directors of the Company as required under section 149 of the Companies Act, 2013 read with the Companies (Appointment &amp; Qualification of Directors) Rules, 2014.</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. Accordingly, the Board of Directors of the Company, at its meeting held on 23<sup>rd</sup> December, 2014, has decided to make a request to the Government of Chhattisgarh for appointment of Independent Directors in compliance of the relevant provisions of the Companies Act, 2013. Subsequently, the Company has requested the Govt. of C.G. to appoint Independent Directors, however, the Govt. of C.G. has not yet appointed any Independent Directors.</p> <p>Meanwhile, the Board of Directors of the Company, at its meeting held on 10<sup>th</sup> July, 2015, has decided to change the constitution of the Company from a public limited company to a private limited company. In compliance of the above, the Company is in the process of obtaining necessary approval from the Govt. of C.G. and its lenders. After conversion of the Company into a private limited company, the Company will not be required to appoint Independent Directors in its Board of Directors.</p>
<p>The Company has not appointed Woman Director in the Board of Directors of the Company as</p>	<p>The Company is a Government of Chhattisgarh Undertaking and as per the Articles of</p>



<p>required under section 149 of the Companies Act, 2013 read with the Companies (Appointment &amp; Qualification of Directors) Rules, 2014.</p>	<p>Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. Accordingly, the Board of Directors of the Company, at its meeting held on 23<sup>rd</sup> December, 2014, has decided to make a request to the Government of Chhattisgarh for appointment of woman director in compliance of the relevant provisions of the Companies Act, 2013. Subsequently, the Company has requested the Govt. of C.G. to appoint Woman Director, however, the Govt. of C.G. has not yet appointed any Woman Director.</p> <p>Meanwhile, the Board of Directors of the Company, at its meeting held on 10<sup>th</sup> July, 2015, has decided to change the constitution of the Company from a public limited company to a private limited company. In compliance of the above, the Company is in the process of obtaining necessary approval from the Govt. of C.G. and its lenders. After conversion of the Company into a private limited company, the Company will not be required to appoint a Woman Director in its Board of Directors.</p>
<p>The Company has not constituted Nomination &amp; Remuneration Committee as required under Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.</p>	<p>As per provisions of Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, every public company having paid-up share capital of Rs. 10 crore or more or turnover of Rs. 100 Crore or more or outstanding loans, deposit and debentures exceeding Rs. 50 Crore as on the date of last Audited Financial Statements shall constitute a Nomination &amp; Remuneration Committee consisting of minimum 3 non-executive directors, 50% being</p>



	<p>independent.</p> <p>Since, the Govt. of Chhattisgarh has not yet appointed Independent Directors, the Company could not constitute Nomination &amp; Remuneration Committee in compliance of the above provisions of the Companies Act, 2013.</p>
<p>The Company has not constituted 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.</p>	<p>As per provisions of section 135(1) of the Companies Act, 2013, every company having Net Worth of Rs 500 crore and above; or Turnover of Rs. 1000 crore and above; or Net Profit of Rs. 5 crore and above in any of the three preceding financial years, shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.</p> <p>Since, the Govt. of Chhattisgarh has not yet appointed Independent Directors, the Company could not constitute Corporate Social Responsibility (CSR) Committee in compliance of the above provisions of the Companies Act, 2013.</p>
<p>The Company has not established 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.</p>	<p>In the meeting of the Board of Director of the Company held on 23<sup>rd</sup> December, 2014, the Board of Directors of the Company has passed a resolution for establishment of Vigil Mechanism in the Company in compliance of provisions of section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. The Company is in the process of establishment of Vigil Mechanism.</p>

There are no adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The management took note of the observation of Secretarial Auditor and will take corrective measures at the earliest.

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: 28/09/2016

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

As on financial year ended on 31.03.2015

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 <sup>th</sup> 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@cseb.gov.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-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% 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):	-	-	-	-	-	-	-	-	-	-
<b>Total Shareholding (A) - (A)(1)+ (A)(2)</b>	-	2263103232	2263103232	100%	-	2263103232	2263103232	100%	0%	
<b>B. Public Shareholding</b>										
1. 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)--	-	-	-	-	-	-	-	-	-	-
<b>2. Non- Institutions</b>										
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 Aman Kumar Singh, Principal Secretary, Energy, Govt. of CG (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	10	0%	-	0%
3.	Shri Subodh Kumar Singh, (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	-	-	-	-
4.	Shri Sandeep Modi (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	10	0%	-	0%
5.	Shri D.S. Misra, IAS Principal Secretary, Finance & Planning, Govt. of CG (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	10	0%	-	10	0%	-	0%

6.	Shri Shivraj Singh, IAS (Retired) (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 Ankit Anand, IAS (For & on behalf of Chhattisgarh State Power Holding Co. Ltd.)	-	-	-	10	0%	-	0%
<b>TOTAL</b>		<b>2263103232</b>	<b>100%</b>	<b>-</b>	<b>2263103232</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

**C) Change in Promoters' Shareholding:**

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

D) Shareholding Pattern of top ten Shareholders.

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

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

E) Shareholding of Directors and Key Managerial Personnel.

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

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year -				
i) Principal Amount	12,92,78,06,326.26	1,97,86,27,072.00	-	14,90,64,33,398.26
ii) Interest due but not paid	-	11,48,79,000.00	-	11,48,79,000.00
iii) Interest accrued but not due	35,82,76,363.00	-	-	35,82,76,363.00
Total (i+ii+iii)	13,28,60,82,689.26	2,09,35,06,072.00	-	15,37,95,88,761.26
Change in Indebtedness during the financial year				
• Addition	6,55,54,27,531.22	1,49,63,42,924.00	-	8,05,17,70,455.22
• Reduction	3,47,59,13,611.16	32,37,53,160.78	-	3,79,96,66,771.94
Net Change	3,07,95,13,920.06	1,17,25,89,763.22	-	4,25,21,03,683.28
Indebtedness at the end of the financial year -				
i) Principal Amount	15,80,68,02,701.32	3,17,29,54,397.22	-	18,97,97,57,098.54
ii) Interest due but not paid	-	9,31,41,438.00	-	9,31,41,438.00
iii) Interest accrued but not due	55,87,93,908.00	-	-	55,87,93,908.00
Total (i+ii+iii)	16,36,55,96,609.32	3,26,60,95,835.22	-	19,63,16,92,444.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

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

SN.	Particulars of Remuneration	Name		Total Amount
		Shri Subodh Kumar Singh, Managing Director		
1	Gross salary	48,000		48,000
	(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	47,124		47,124
	<b>Total (A)</b>	<b>95,124</b>		<b>95,124</b>
	Ceiling as per the Act	-		-

B. Remuneration to other directors -

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	NIL	NIL
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		
	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	594,768	594,768
	(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	594,768	594,768

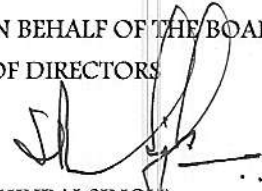
\*\* During the period from 23.12.2014 to 31.03.2015



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)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS

  
(SHIVRAJ SINGH)

CHAIRMAN

DIN. 05248101

PLACE: RAIPUR (C. G.)

DATE: 28/09/2016

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

FAFADIH, RAIPUR (C.G.)



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**Statutory  
Audit  
Report  
P.Y- 2014-15  
A.Y-2015-16**

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**CSPDCL  
Raipur,  
Chattisgarh**

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**Pandey & Co.  
Chartered Accountants**





**Pandey & Co.**

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## INDEPENDENT AUDITORS' REPORT

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TO THE MEMBERS OF CHHATTISHGARH STATE POWER DISTRIBUTION COMPANY LIMITED.

### REPORT ON THE FINANCIAL STATEMENTS

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

1. We have audited the accompanying financial statements of **CHHATTISHGARH STATE POWER DISTRIBUTION COMPANY LIMITED** which comprise the Balance Sheet as at March 31, 2015, 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 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

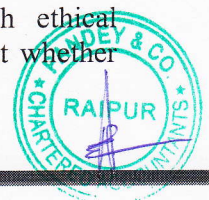
3. Our responsibility is to express an opinion on these financial statements based on our audit.

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 thereunder.

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 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 assets/ liabilities and also there are cases as stated in para below wherein the quantum of impact though material is unascertainable. The distinguished reason 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 Profit & loss A/c 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**

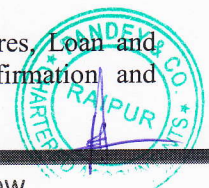
Company has adopted cash system of accounting of earned leave encashment to its retiring employees which is not in accordance with mandatory Accounting standard 15 issued by ICAI regarding "Employee Benefits" in the absence of necessary information to quantum of such liability as at 31<sup>st</sup> March 2015 is indeterminate.

c. 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.275.63 Crore (Also refer note No. 22 of the financial statement)

d. Pursuant to disclosure under of the Financial Statements, bonds and Debentures, Loan and Advances (assets and liabilities) and sundry creditors are subject to confirmation and

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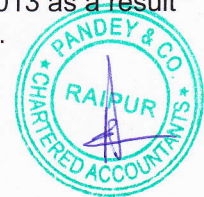
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reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained. Thus we are unable to comment upon impact thereof on the accounts and loss for the period.

- e. Bank Balances includes bank account maintained at Regional Accounting Offices, the same are subject to reconciliation.
- f. The company has implemented system for identification of enterprises qualifying under the definition of Medium Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act 2006 (MSMED). However a claim for interest amounting to Rs.3.58 Crore up to 28/02/2014 under Micro, Small and Medium Enterprises Development Act 2006 (MSMED) was filed against the Company by petition No. 09/2014 in the month of April 2014.
- g. 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 Deemed Deposits as per Sec 73 to 76 of Companies Act 2013.
- h. 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.
- i. The company capitalized Fixed Assets amounting Rs. 279.61 Crore received from Government (GOCG) to operate and maintain said assets under RGGVY scheme and respectively credited the Capital Reserve of Rs. 279.61 Crore since the assets are not owned by CSPDCL, therefore in our opinion Fixed Assets is overstated by Rs. 279.61 Crore and capital Reserve is overstated by Rs. 279.61 Crore. Please refer Note mentioned under 6.1(a) regarding "Fixed Asset".
- j. 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. Although a Company has appointed an Internal Auditor on 30.09.2014 but the Internal Audit Report for the Financial Year 2014-15 is yet to be submitted.
- k. As per Sec 204 (1) of Companies Act 2013 with Rule 9 of Companies Rules 2014 mandates Secretarial Audit for every Listed Company. As per Board minutes, Company have not any Secretarial auditor for Secretarial audit. So we are unable to comment on it.
- l. As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies Rules, 2014 deals with Audit Committee, as the Company is not having Independent Directors on its Board as required by Sec 177 of the Companies Act, 2013 as a result the Company could not comply the Statutory requirement in this regard.



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## Other Matters

- 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 at least of one woman director under section 149(1) of companies Act 2013. Company does not have any woman director.
- b. Every public company which has paid up capital of Rs.100 crore or more or deposits or borrowings of Rs. 200 Crore need to comply with the requirement of having Nomination and Remuneration committee under section 178 (1) of companies Act 2013. Company not having any Nomination and Remuneration committee.
- c. Every qualifying Company which has turnover of Rs.1000 Crore or more need to comply with the requirement of having corporate social Responsibility committee under section 135 of companies Act 2013.
- d. As per Sec 177(9) of Companies Act 2013 has to establish Vigilance Mechanism to report for any unethical behavior. As per Board minutes Company is not having 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.

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

## **Qualified Opinion**

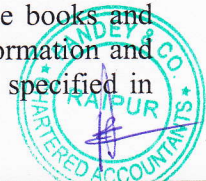
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the comment under **Basis for Qualified Opinion above**, the financial statements give the information required by the Act in the manner so required and give 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, 2015, 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, 2015;
- (b) In the case of the Statement of Profit and Loss, of the profit 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, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.

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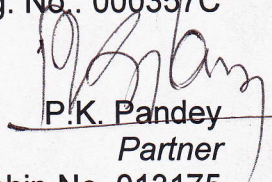
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10. As required by Section 143(3) of the Act, we report that:

- (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.
- (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.
- (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, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) 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)Rules2014, in our opinion and to the best of our knowledge and belief and according to the information and explanation given to us:
  - (i). The Company has not disclosed the impact of pending litigation as at March 31,2015 on its financial position in its financial statements. Refer para 4 (h)
  - (ii). The Company has made provisions as at March 31, 2015, 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, 2015.

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

  
P.K. Pandey  
Partner

Membership No. 013175

Place : Kanpur  
Date: 23/12/2015

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## Annexure to the Auditors' Report

**Referred to in Paragraph 9 under the heading of “Report on other legal and regulatory requirements” of our report of even date to the members of CHHATTISHGARH STATE POWER DISTRIBUTION CORPORATION LIMITED on the standalone financial statements as of and for the year ended march 31,2015**

I. In respect of its fixed assets:

- a) The Company has maintained records showing location wise details fixed assets. However *quantitative details are not maintained in the fixed asset register.*
- b) The management has explained that physical verification of fixed asset is a perpetual process undertaken at divisional and sub-divisional level. *As the relevant records for the physical verification were not produced before us for our review, we are not in a position to comment thereon.*
- c) As explained to us, the company has not disposed off any substantial part of its fixed asset during the year so as to affect its going concern status.

II. In respect of its inventories:

- a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at respective stores.
- b) *In our opinion and according to the information and explanations given to us, the relevant records for the physical verification were not produced before us for our review, we are not in a position to comment thereon.*
- c) As 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;

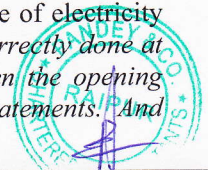
III. The company has not granted any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,

- a) Whether receipt of the principal amount and interest are also regular; and
- b) If overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;

IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of electricity and services. *However, 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. And*

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*accounting/internal control for the purchase of fixed assets as well as conversion of capital work in progress into Fixed Assets has not been correctly reflected in the SAP software, as well as Bank reconciliation has not been done at Regional offices of the Company.*

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

V. In our opinion 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 exempted 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 section 148 of the Act, and are of the opinion that, the prescribed accounts and records have not been properly maintained and last cost audit conducted for the Financial year 2012-13.

VII. In respect of statutory dues:

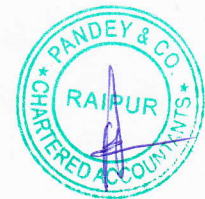
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. *According to the information and explanations given to us, except as noted below no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.*

In respect of Electricity Duty & Cess

-Liability for Electricity Duty & Cess in Financial Statements is of Rs. 60.21 Crore and Actual Payment made is Rs. 50.07 Crore. So the reconciliation is required for the difference and duty of Rs. 10.14 Crore should be dealt accordingly.

- b) Dues of CSPDCL for Custom Duty, Wealth Tax, Service Tax and Cess, which have not being deposited on account of dispute are under:

1. In respect of Income Tax Act, 1961



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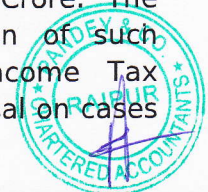
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Sl. No.	Assessment Year	Gross Tax Liability demanded in Crores	Unpaid Tax Liability in Crores	Authority before which case is pending
1	2003-04	277.38	144.81	Pending before Hon'ble High Court of Chhattisgarh & Appellate Tribunal, Mumbai
2	2006-07	373.36	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. CSPHCL has filed an appeals and stay applications before the ITAT, Mumbai within the time as stipulated under the provisions of Income tax Act which is pending.
3	2007-08	168.49	-	The matter is pending before CIT (A) / ITAT.
4	2008-09	92.19	-	
5	2009-10	266.49	-	

- a. The Income Tax Department has raised TDS demand amounting to Rs.2.29 Crore at RAO Raipur for the period FY 2007-08 to FY 2011-12; the company has already filed its reply in few cases and is in process of filing in others.
- b. The company through the online system of Income Tax Department has retrieved that an amount of Rs. 26.12 Crore is outstanding against TDS liability (Short Deduction/ Short Payment) and corresponding interest of Rs. 4.88 Crore against delay in short deduction/ short payment and the late filing fees including interest amounting to Rs. 0.36 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.

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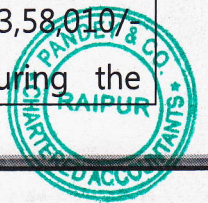






2. In respect of Value Added Tax

Sl. No.	Financial Year	Gross Tax Liability disputed in lacs	Remark
1	2008-09	23.82	The Jurisdictional Deputy Commissioner has raised the demand of VAT tax on meter rent taking it as a "transfer of right to use any goods." and sale of tender form. The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal). Apart from the above appeal have also been filed under the entry tax act against the reduction in tax paid and tax free purchase from Rs.9,08,88,650/ to Rs.3,00,00,000/-, interest of Rs.59650/and penalty Rs.1000/- imposed during the assessment.
2	2009-10	58.74	The company has filed appeal against the order of the Dy. Commissioner of Commercial Tax before the Addl. Commissioner (Appeal) on account of demand of VAT tax on meter rent taking it as a " transfer of right to use any goods." and sale of tender form and penalty . The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal). Apart from the above appeal have also been filed under the entry tax act against the reduction in tax paid and tax free purchase from Rs245,59,39,461/ to Rs.245,83,58,010/ and penalty Rs.5000/- imposed during the







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			assessment.
3	2010-11	63.79	The company has filed appeal against the order of the Dy. Commissioner of Commercial Tax before the Addl. Commissioner (Appeal) on account of demand of VAT tax on meter rent taking it as a " transfer of right to use any goods." and sale of tender form and penalty . The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal). Apart from the above appeal have also been filed under the entry tax act against penalty of Rs.5000/- imposed during the assessment.
4	2011-12	76.49	The company has filed appeal against the order of the Dy. Commissioner of Commercial Tax before the Addl. Commissioner (Appeal) on account of demand of VAT tax on meter rent taking it as a " transfer of right to use any goods." and sale of tender form and penalty . The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal).

- VIII. The accumulated losses are more than the net worth of the Company and Cash Losses have been incurred in the current and previous financial years.
- IX. Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank in respect of the existing loans, which are originally raised by the company or the erstwhile board.
- X. In our opinion and according to the explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are not prejudicial to the interest of the company



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XI. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

XII. 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, fraud of Rs. 6.21 Crore occurred in the working Jurisdiction of Bilaspur & Jagdalpur during the FY 2012-13, 2013-14 & 2014-15 stated in Note no.2(x) of the notes to financial statements.

For Pandey & Co.

Chartered Accountants

Firm Reg. No.: 000357C



*Pandey*  
P.K. Pandey

Partner

Membership No. 013175

Place : Kanpur

Date: 23<sup>rd</sup> Dec, 2015



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

BALANCE SHEET AS AT 31 ST MARCH'2015

Particulars	Note	₹ in lac	
		Current Year 31.03.2015	Previous Year 31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1	226,310.32	226,310.32
Reserves and surplus	3.2	(414,307.68)	(307,764.06)
Share Application Money Pending Allotment	3.3	6,326.25	6,326.25
<b>Non-current liabilities</b>			
Long-term borrowings	4.1	144,578.20	83,136.22
Long-term provisions	4.2	272,418.75	168,246.75
<b>Current liabilities</b>			
Short-term borrowings	5.1	23,347.26	52,542.19
Trade payables	5.2	298,196.07	196,472.63
Other Current Liabilities	5.3	237,566.26	237,772.85
Short-Term Provisions	5.4	22,809.85	19,892.52
<b>TOTAL</b>		<b>817,245.30</b>	<b>682,935.66</b>
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	6.1	364,824.77	304,319.19
Intangible Assets	6.1	473.20	650.65
Capital Work-in-Progress	6.1	171,716.36	144,296.58
Non-Current Investments	6.2	60.00	130.00
Long-term Loans and Advances	6.3	7,199.13	5,395.37
Other Non-Current Assets	6.4	39,759.73	39,200.70
<b>Current assets</b>			
Inventories	7.1	11,176.57	13,062.12
Trade receivables	7.2	180,201.40	125,431.92
Cash and Bank Balances	7.3	17,002.16	29,424.99
Short-term Loans and Advances	7.4	829.71	923.51
Other Current Assets	7.5	24,002.26	20,100.63
<b>TOTAL</b>		<b>817,245.30</b>	<b>682,935.66</b>

Significant Accounting Policies & Notes to Financial Statements

The accompanying notes are integral part of the Financial Statements


As per our report of even date  
For Pandey & Co.  
FRN No. 000357C


P.K. Pandey  
Partner  
M.No. 013175  
Place: Raipur(C.G.)  
Dated 23rd December 2015




For, Chhattishgarh State Power Distribution Company Limited

  
Managing Director

  
Director

  
**Company Secretary**  
C.S.P.D.C.L., Raipur

  
**Sandeep Modi**  
Chief Financial Officer  
CSPDCL: RAIPUR

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH'2015

₹ in lac

Particulars	Note	Current Year 31.03.2015	Previous Year 31.03.2014
<b>INCOME</b>			
Revenue From Operations (Gross)	8.1	836,962.70	707,569.75
Less: Excise Duty		-	-
Revenue From Operations (Net)		836,962.70	707,569.75
Other income	8.2	4,151.64	3,603.80
<b>Total Revenue</b>		<b>841,114.35</b>	<b>711,173.55</b>
<b>EXPENDITURE</b>			
Cost of Power Purchase	9.1	780,581.56	685,046.41
Employee benefits expense	9.2	194,353.24	65,147.61
Finance costs	9.3	22,943.66	17,550.59
Depreciation and amortization expense	6.1	16,914.21	17,104.27
Other expenses	9.4	24,508.23	22,577.36
<b>Total expenses</b>		<b>1,039,300.90</b>	<b>807,426.23</b>
<b>Net Profit/(Loss) Before Exceptional &amp; Prior Period Adjustment</b>		<b>(198,186.55)</b>	<b>(96,252.68)</b>
Exceptional items	10	42,760.80	46,623.00
<b>Net Profit/(Loss) Before Prior Period Adjustment</b>		<b>(155,425.75)</b>	<b>(49,629.68)</b>
Prior Period Income /(Expense)	11	8.88	(13,412.21)
<b>Net Profit/(Loss) Before Tax</b>		<b>(155,416.88)</b>	<b>(63,041.89)</b>
<b>Tax expense</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Income tax Arrears		-	-
<b>Profit (Loss) for the period</b>		<b>(155,416.88)</b>	<b>(63,041.89)</b>
<b>Earnings per equity share:</b>			
(1) Basic	12	(6.68)	(2.71)
(2) Diluted	12	(6.68)	(2.71)

Significant Accounting Policies & Notes to Financial Statements 1 to 33

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For Pandey & Co.  
FRN No. 000357C

Partner  
M.No. 013175  
Place: Raipur(C.G.)

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

Managing Director

Director

*Neha*  
**Company Secretary**  
C.S.P.D.C.L., Raipur

*Sandeep Modi*  
**Chief Financial Officer**  
CSPDCL: RAIPUR

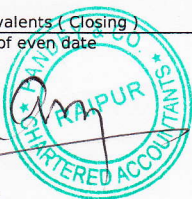


CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
CASH FLOW STATEMENT FOR THE YEAR 2014-15

	Current Year 2014-15 Amount in Rs.	Previous Year 2013-14 Amount in Rs.
Cash flow arising from Operating Activities	(198,186.55)	(96,252.68)
Net Profit before Tax and Exceptional items as per Statement of Profit and Loss:		
Add / (Deduct) :		
Depreciation and Amortisation expenses	16,914.21	17,104.27
Interest Income	(392.34)	(283.79)
Interest Expenses	11,240.87	27,762.74
	<u>27,762.74</u>	<u>7,636.99</u>
Operating cash profit before working capital changes	<u>(170,423.81)</u>	<u>(71,795.22)</u>
Add / (Deduct) :		
Increase / (Decrease) in Short Term Borrowing	(29,194.93)	20,836.69
Increase / (Decrease) in Trade Payables	101,723.44	(2,133.23)
Increase / (Decrease) in Other Current Liabilities	(206.58)	34,481.21
Increase / (Decrease) in Short Term Provisions	2,917.34	6,436.95
(Increase) / Decrease in Inventories	1,885.56	(2,440.12)
(Increase) / Decrease in Trade Receivable	(54,769.48)	9,522.33
(Increase) / Decrease in Short Term Loans & Advances	93.80	47.20
(Increase) / Decrease in Other Current Assets	3,798.37	81,976.91
	<u>26,247.52</u>	<u>148,727.94</u>
Cash generated from operations	<u>(144,176.29)</u>	<u>76,932.72</u>
Direct Taxes		
Net Cash Flow before Exceptional Items	(144,176.29)	76,932.72
Add: Exceptional Items	42,760.80	46,623.00
Cash flow before prior period adjustments	(101,415.49)	123,555.72
Add: Prior Period Income/( Expense)	8.88	(13,412.21)
Net Cash Flow after Prior Period Adjustments	(101,406.61)	110,143.51
Add / (Deduct) :		
(Increase) / Decrease in Long Term Loans & Advances	(1,803.76)	(1,851.53)
Increase / (Decrease) in Other Long term Borrowings	61,441.99	14,395.02
Increase / (Decrease) in Other Long term Provisions	104,172.00	(6,275.00)
(Increase) / Decrease in Other Non Current Assets	(559.03)	(745.15)
	<u>163,251.19</u>	<u>5,523.35</u>
Net Cash Inflow/(outflow) in the course of operating activities after exceptional items and after adjustment of Other Non Current Assets & Liabilities	<u>61,844.58</u>	<u>115,666.86</u>
Cash flow arising from Investing Activities		
Inflow:		
Interest Income	392.34	392.34
		283.79
Outflow:		
Acquisition of fixed assets	(82,940.93)	
Net Investment in Capital WIP	(27,419.79)	
Sale/(Addition) in Investment	70.00	(110,290.72)
		(156,829.55)
Net Cash inflow/ (Outflow) in the course of Investing Activities	<u>(109,898.39)</u>	<u>(156,545.76)</u>
Cash flow arising from Financing Activities		
Inflow :		
Increase in Equity Capital (net of reduction in share application money pending allotment)		
Increase/(Decrease) in Consumer contribution towards cost of capital asset	4,937.67	5,164.45
Increase/(Decrease) in RGVY grant towards cost of capital asset	27,960.64	22,263.71
Increase/(Decrease) in GOCG contribution towards cost of capital asset	15,974.94	14,766.71
Amortization of Capital Grant	5,698.59	54,571.84
		4,485.03
46,679.90		
Outflow :		
Interest Paid	11,240.87	(7,636.99)
Net Cash from Financing Activities	<u>43,330.97</u>	<u>39,042.92</u>
Net increase in Cash and Cash Equivalents ( A+B+C)	(4,722.83)	(1,835.98)
Cash & Cash Equivalents ( Opening )	16,916.78	18,752.76
Cash & Cash Equivalents ( Closing )	<u>12,193.95</u>	<u>16,916.78</u>

As per our report of even date  
For Pandey & Co.  
FRN No. 000357C

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



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

Managing Director

Director

Company Secretary  
C.S.P.D.C.L., Raipur

Chief Financial Officer  
CSPDCL; RAIPUR

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

NOTE 3: SHAREHOLDER'S FUNDS

Note 3.1: SHARE CAPITAL

Particulars	₹ in lac			
	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
<b>Authorised Shares</b>				
Equity Shares of Rs.10 par value	3,300,000,000	330,000	3,300,000,000	330,000
<b>Issued, Subscribed &amp; Fully Paid Up</b>				
Equity Shares of Rs.10 each	2,263,103,232	226,310	2,263,103,232	226,310
<b>Total</b>	<b>2,263,103,232</b>	<b>226,310</b>	<b>2,263,103,232</b>	<b>226,310</b>

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

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

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

Details of Shares Held by Holding Company

Particulars	Nature of Relationship	As at 31 March 2015	As at 31 March 2014
		Number	Number
<b>Equity Shares</b>			
Chhattisgarh State Power Holding Co. Ltd.	Holding Company	2,263,103,232	2,263,103,232
		2,263,103,232	2,263,103,232

Reconciliation of the number of Shares Outstanding

Particulars	Equity Shares	
	As at 31 March 2015	As at 31 March 2014
	Number	Number
Shares outstanding at the beginning of the year	2,263,103,232	2,013,103,232
Shares Issued during the year	-	250,000,000
Shares bought back during the year	-	-
Any other movement	-	-
Shares outstanding at the end of the year	2,263,103,232	2,263,103,232

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

Name of Shareholder	Equity Shares			
	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chhattisgarh State Power Holding Company Ltd	2,263,103,232	100	2,263,103,232	100





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

Note 3.2: RESERVES & SURPLUS

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>a. GOCG Contribution towards cost of Capital Assets</b>		
Balance as per last financial statements	60,607.30	45,840.59
Add: Received during the year	20,914.55	18,885.72
Less: Amortized during the year	4,939.61	4,119.01
	<b>76,582.24</b>	<b>60,607.30</b>
<b>b. Grant under RGGVY against cost of Capital Assets</b>		
Balance as per last financial statements	22,263.71	-
Add: Received during the year	27,960.64	22,263.71
Less: Amortized during the year	-	-
	<b>50,224.35</b>	<b>22,263.71</b>
<b>c. Consumer Contribution towards cost of Capital Assets</b>		
Balance as per last financial statements	11,089.75	5,925.29
Add: Received during the year	5,696.65	5,530.47
Less: Amortized during the year	758.98	366.02
	<b>16,027.42</b>	<b>11,089.75</b>
<b>d. Surplus</b>		
Balance as per last financial statements	(401,724.81)	(338,682.92)
Profit for the year	(155,416.88)	(63,041.89)
Closing Balance	<b>(557,141.69)</b>	<b>(401,724.81)</b>
<b>Total</b>	<b>(414,307.68)</b>	<b>(307,764.06)</b>

Note 3.3: SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Share Application Money Pending Allotment	6,326.25	6,326.25
<b>Total</b>	<b>6,326.25</b>	<b>6,326.25</b>

a. The Government of Chhattisgarh vide notification no.2020/F-21/13/09/13/2/ED dt.29<sup>th</sup> October'2010 has notified the opening balance sheet as on 01st January'2009 of CSPDCL (also refer note no.18), wherein, Government has proposed an equity share capital of ₹1913.26 cr. Further, it has been stipulated that said equity shall be issued in favour of Chhattisgarh State Power Holding Co. Ltd

b. As per the said notification, figures derived for opening balance sheet are from the unaudited balance sheet of erstwhile CSEB as on 31st December'2008 and are subject to audit by the Comptroller and Auditor General of India. Accordingly, opening balances notified by the government are subject to modifications, if any, arising during the course of statutory audit. Audit of erstwhile CSEB has been finalized by CAG during the month of 17th May'2012, however revision in opening balance sheet is yet to be notified by Government.

c. Accordingly, Company has issued equity to the extent of ₹1850.00 cr at face value of Rs.10 per share to CSPHCL and withheld balance of ₹63.26 cr. as share application till final notification of opening balance.





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

NOTE 4: NON CURRENT LIABILITIES

Note 4.1: LONG TERM BORROWINGS

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Secured Loans</b>		
Rupee Term Loan from Power Finance Corporation Limited <i>Refer Note A below for nature of security and terms of repayment</i>	31,645.28	27,608.99
Rupee Term Loan from Rural Electrification Corporation Limited <i>Refer Note B below for nature of security and terms of repayment</i>	71,467.01	46,892.34
<i>The charge/mortgage created against assets of the Company as securities in respect of the loans including debentures, taken by the erstwhile Chhattisgarh State Electricity Board, which are subsequently transferred to the Company on December 31, 2008 pursuant to the transfer scheme notified by the State Government, continues to be valid and binding on the Company.</i>		
<b>Unsecured Loans</b>		
Loans from State Government (including APDRP Loan) <i>(The above unsecured loan from Govt of Chhattisgarh is repayable in equated annual installment of Rs.29 cr. The applicable ROI is 8.9% per annum.)</i>	5,715.92	8,634.89
Loan from Chhattisgarh State Power Holding Company Limited	10,000.00	
Bonds	25,750.00	
<i>Refer Note C below for nature of security and terms of repayment</i>		
<b>Total</b>	<b>144,578.20</b>	<b>83,136.22</b>

Nature of Security

A. Against Loan from Power Finance Corporation:

Term Loan from Power Finance Corporation amounting to ₹333.61 cr. (PY ₹278.12 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.

B. Against loan from Rural Electrification Corporation:

Term loan from rural electrification corporation amounting to ₹755.79 cr. (PY ₹489.24 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.

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.

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. Loan wise details of applicable ROI is mentioned herein below

Loan No.	ROI	Balance as at Mar'15
3680	0.12	18.84
3701-4	0.12	91.42
3705-06	0.12	57.68
3765	0.12	26.15
3773	0.12	25.06
3775	0.12	34.51
4139	0.12	45.48
4148	0.12	35.37
4149	0.12	24.78
4150	0.12	14.66
4241	0.12	38.61
4918	0.12	41.23
5948	0.12	18.30
5720	0.12	16.27
6452-4	11.75	211.61
7130	0.12	55.82
<b>Grand Total</b>		<b>755.79</b>

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.

C. 8.72% CSPDCL Series CSPDCL Bonds.

During FY2014-15 CSPDCL has issued State Government, Unsecured, Redeemable Regular Return, Non Convertible Taxable bearing coupon rate 8.72% amounting to Rs.250 cr through private placement with Green Shoe Option to retain the oversubscription amounting to Rs. 250 crore.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

**Note 4.2: LONG TERM PROVISIONS**

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Provision for employee benefits		
Provision For Pension & Gratuity	272,418.75	168,246.75
<b>Total</b>	<b>272,418.75</b>	<b>168,246.75</b>

**NOTE 5: CURRENT LIABILITIES**

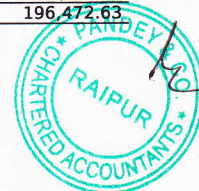
**Note 5.1: SHORT TERM BORROWINGS**

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Secured</b>		
Loans repayable on demand from Bank		
Cash Credit Limits:		
Bank of India, Raipur (Against Hypothecation of stocks and Fixed Assets of the Company)	(0.25)	(0.25)
Union Bank of India (Against Hyothecation of Book Debts and Guarantee from State Government)	19,016.49	43,549.64
<b>Overdraft Limit:</b>		
Oriental Bank of Commerce (Against Lien on Fixed Deposits)	1,733.81	5,664.09
Bank of Baroda (Against Lien on Fixed Deposits)	2,597.21	(0.08)
Bank of India, Raipur (Against Lien on Fixed Deposits)	-	-
Dena Bank (Against Lien on Fixed Deposits)	-	3,328.79
<b>Total</b>	<b>23,347.26</b>	<b>52,542.19</b>

**Note 5.2: TRADE PAYABLES**

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Trade Payables against Electricity, Stores and O&M Supplies	298,196.07	196,472.63
<b>Total</b>	<b>298,196.07</b>	<b>196,472.63</b>

Regarding disclosure on Micro Small and Medium Enterprises refer note no.31.





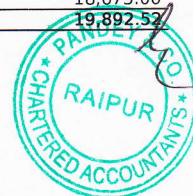
CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

**Note 5.3: OTHER CURRENT LIABILITIES**

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>a. Current Maturities of Long Term Debts</b>		
Debentures	780.47	780.78
State Government Loan (including APDRP Loan)	2,918.97	2,918.97
Loan from Chhattisgarh State Power Holding Company Limited	12,315.81	7,422.49
Loan from Rural Electrification Corporation	4,111.74	2,031.31
Loan from Power Finance Corporation	1,715.97	203.24
Other Loans	29.14	29.14
	<b>21,872.11</b>	<b>13,385.93</b>
<b>b. Interest accrued and due on borrowings</b>	931.41	1,148.79
<b>c. Interest accrued but not due on borrowings:</b>		
Against loan from Rural Electrification Corporation	253.36	130.54
Against loan from Power Finance Corporation	5,334.58	3,452.22
<b>d. Interest payable on Consumer's Deposits</b>	4,868.21	4,439.11
<b>e. Other Payables</b>		
Deposit Works	40,095.79	39,025.69
Deposits & Retentions from Contractors & Suppliers	17,196.11	18,828.59
Deposits from Consumers	117,125.92	89,617.31
Unspent Fund Under RGGVY Scheme	9,819.70	12,695.26
Unspent Fund Under APDRP Scheme	-	-
Other Liabilities including Employees Related Liabilities	12,188.41	6,068.94
Liability for Electricity Duty	3,427.11	2,935.84
Liability for Electricity Cess	2,593.69	1,836.99
Income Received in Advance (Pursuant to Tariff Order for FY 2014-15)	-	42,853.00
<b>Inter Company Payable Account</b>		
Chhattisgarh State Power Transmission Company Limited	1,346.82	1,354.63
Chhattisgarh State Power Generation Company Limited	513.04	-
	<b>204,306.59</b>	<b>215,216.25</b>
<b>Total</b>	<b>237,566.26</b>	<b>237,772.85</b>

**Note 5.4: SHORT TERM PROVISIONS**

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Provision for employee benefits</b>		
Provision for DA Arrears	503.85	706.09
Provision for Ex Gratia	506.00	511.43
Contribution towards Pension and Gratuity Liability of Retired Employees	21,800.00	18,675.00
<b>Total</b>	<b>22,809.85</b>	<b>19,892.52</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

NOTE 6: NON CURRENT ASSETS

Note 6.1: FIXED ASSETS

Note 6.1 (a): Tangible Assets

Particulars	Gross Block			Accumulated Depreciation			NET BLOCK			
	Balance as at 1st April 2014	Additions	Deletions/Transfer	Balance as at 31st March 2015	Balance as at 1st April 2014	Depreciation change for the year	Deletions/Transfer	Balance as at 31st March 2015	Net Block as at 31st March 2015	Net Block at 31st March 2014
<b>Tangible Assets (Under Lease)</b>	169.16			169.16	28.05	3.97		32.01	137.15	141.12
<b>Tangible Assets</b>	101.16	195.91		101.16	346.76	48.07		394.83	101.16	101.16
Land	1,394.84	1,837.95		2,399.57	290.17	68.74		358.91	1,959.22	1,048.08
Factory Buildings	1,776.10	561.62		1,785.54	96.94	59.54		628.95	2,040.66	1,547.79
Residential & Other Buildings	1,62.13	7.80		1,69.93	88.68	7.48		104.42	1,156.59	1,206.70
Hydraulic Works	1,791.30	17,194.51		1,791.30	38,066.96	59.33		148.01	65.51	65.19
Roads & Others	122,781.48	280,957.07		139,975.98	91,339.41	6,540.78		44,607.74	1,643.29	1,702.62
Plant, Machinery & Equipments	214.66	5.94		317,958.04	132.24	15,244.45		106,583.86	95,368.24	84,714.52
Lines & Cable Networks	404.60	1.17		220.60	221.63	6.20		138.44	211,374.18	189,617.67
Furniture & Fixtures	254.04			405.77	227.97	13.89		235.52	170.25	82.42
Office Equipments				254.04		0.06		228.03	170.25	182.97
Vehicles									26.02	26.08
Others										
Computers	4,675.63	2.94		4,678.57	3,056.46	382.83		3,439.29	1,239.28	1,619.17
<b>Asset Transfer under RGGVY scheme*</b>	22,263.71	27,960.64		50,224.35					50,224.35	22,263.71
Plant, Machinery & Equipments										
<b>Total (i)</b>	<b>438,783.85</b>	<b>82,940.93</b>		<b>521,724.78</b>	<b>134,464.66</b>	<b>22,435.35</b>		<b>156,900.01</b>	<b>364,824.77</b>	<b>304,319.19</b>
Amortization on Capital Grant										
Net Depreciation										
Previous Year (i)	305,865.08	132,918.77		438,783.85	113,052.81	16,737.06		134,464.66	304,319.19	192,812.27
Less: Amortization of Capital Grant during previous year										
<b>Net Depreciation during previous year</b>						<b>16,926.82</b>				

\* Rural Electrification Corporation (REC) pursuant to agreement executed between REC, Government of Chhattisgarh, CPSU and erstwhile CSEB (Now CSPDCL post restructuring) has financed various projects under a national programme namely Rajiv Gandhi Gramin Viduyuktaran Yojana scheme for rural electricity infrastructure and household electrification in the state of Chhattisgarh. As per the agreement, capital project aided by REC and erected by the executing agencies (NESGL/PGCIL etc.) are transferred to Govt. of Chhattisgarh (GOCG) who has authorized CSPDCL to operate and maintain said assets to effect power supply in the project areas and derive consequential benefits out of said assets. CSPDCL stands as beneficiary in above agreement and though the ownership of the assets lies with GOCG, the operation and maintenance of said projects are entrusted to CSPDCL. CSPDCL has therefore separately classified these assets in the above schedule with corresponding credits in Capital Reserve namely "Grant under RGGVY against Cost of Capital Assets" under Reserve and Surplus under Note No.3.2.

Note 6.1 (b): Intangible Assets

Particulars	Gross Block			Accumulated Depreciation			NET BLOCK			
	Balance as at 1st April 2014	Additions	Deletions/Transfer	Balance as at 31st March 2015	Balance as at 1st April 2014	Amortization during the year	Deletions	Balance as at 31st March 2015	Net Block as at 31st March 2015	Net Block at 31st March 2014
<b>License Fees for SAP software</b>	1,183.00			1,183.00	532.35	177.45		709.80	473.20	650.65
<b>Total (i)</b>	<b>1,183.00</b>			<b>1,183.00</b>	<b>532.35</b>	<b>177.45</b>		<b>709.80</b>	<b>473.20</b>	<b>650.65</b>
Previous Year (i)	1,183.00			1,183.00	354.90	177.45		532.35	473.20	650.65
<b>Capital Work in Progress</b>	171,716.36	144,296.58		171,716.36				144,296.58		
Particulars	Balance as at 31st March 2015			Balance as at 31st March 2015				Balance as at 31st March 2015		
Particulars	171,716.36			171,716.36				144,296.58		
Previous Year	144,296.58			144,296.58				120,385.79		





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

Note 6.2: NON CURRENT INVESTMENTS

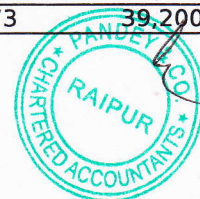
Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Investments in Debenture & Bonds - Un-Quoted & Fully paid Up Housing & Urban Development Corporation Limited (7 Units of ₹10,00,000/- each)	-	70.00
Nuclear Power Corporation of India Limited (6 Units of ₹10,00,000/- each )	60.00	60.00
<b>Total</b>	<b>60.00</b>	<b>130.00</b>
Aggregate Amount of Un-Quoted Investments	60.00	130.00

Note 6.3: LONG TERM LOANS & ADVANCES

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Unsecured, Considered Good Loans and Advances against Capital Works	6,775.50	5,055.16
Loans and Advances to Employees	423.63	340.22
Less: Provision for doubtful advances	-	-
<b>Total</b>	<b>7,199.13</b>	<b>5,395.37</b>

Note 6.4: OTHER NON-CURRENT ASSETS

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Unsecured, Considered Good Deposits With Government & Others	2,739.50	2,738.56
Claim Receivable from Government of Chhattisgarh	10,097.65	9,660.00
Advance Income Tax including TDS (net of provision)	26,922.58	26,802.14
<b>Total:</b>	<b>39,759.73</b>	<b>39,200.70</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

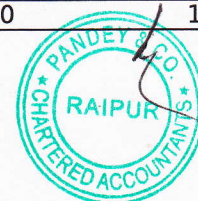
NOTE 7: CURRENT ASSETS

NOTE 7.1: INVENTORIES

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Stores & Spares	10,812.63	12,853.46
Scrap & Unservicable Material	363.94	208.66
(Valued at purchase cost or net realizable value whichever is lower)		
Add: Material Shortage/(Excess) pending investigation	549.18	543.85
Less: Provision for Material Shortage pending investigation	549.18	543.85
<b>Total</b>	<b>11,176.57</b>	<b>13,062.12</b>

NOTE 7.2: TRADE RECEIVABLES

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Trade receivables outstanding for a period less than six months		
Unsecured, considered good unless stated otherwise		
Unsecured, considered good	180,201.40	125,431.92
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
<b>Total</b>	<b>180,201.40</b>	<b>125,431.92</b>





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

Note 7.3: CASH & BANK BALANCES

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Cash and cash equivalents</b>		
<b>a. Balances with Banks</b>		
Balances with banks in Current Accounts	4,231.45	15,166.55
Deposits with Original Maturity of less than three months #	-	1,700.00
<b>b. Postage Stamps</b>	0.43	0.43
<b>c. Cash in hand</b>		
Cash in Imprest	31.51	32.79
Fund/ Cash in transit	7,930.56	17.02
<b>Total</b>	<b>12,193.95</b>	<b>16,916.78</b>
<b>a. Other Bank Balances</b>		
Deposits with Original Maturity of more than three months but less than twelve months#	4,808.21	12,508.21
<b>Total</b>	<b>4,808.21</b>	<b>12,508.21</b>
<b>Total</b>	<b>17,002.16</b>	<b>29,424.99</b>

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

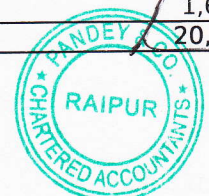
Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Against Overdraft Facilities	4,808.21	14,208.21
<b>Total</b>	<b>4,808.21</b>	<b>14,208.21</b>

Note 7.4: SHORT TERM LOANS & ADVANCES

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Unsecured, Considered Good</b>		
<b>Others</b>		
Loans & Advances To Employees	134.88	184.32
Prepaid Expenses	1.12	48.34
Others	693.71	690.85
	<b>829.71</b>	<b>923.51</b>
Less: Provision for doubtful loans and advances	-	-
<b>Total</b>	<b>829.71</b>	<b>923.51</b>

Note 7.5: OTHER CURRENT ASSETS

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
Interest accrued but not due on Fixed Deposits	74.88	130.98
Unbilled Revenue	8,694.50	6,462.19
Sundry Debtors- Tariff Adjustment Account (Regulatory asset)	-	-
Other Current Assets	1,748.80	1,690.61
<b>Inter Company Receivable Account (Fellow Subsidiary)</b>		
Chhattisgarh State Power Holding Company Limited (Holding Co.)	11,793.19	6,847.53
Chhattisgarh State Power Generation Co. Ltd.	-	3,278.45
Chhattisgarh State Power Transmission Co. Ltd.	-	-
Chhattisgarh State Power Trading Co. Ltd.	1,690.89	1,690.89
<b>Total</b>	<b>24,002.26</b>	<b>20,100.63</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

NOTE 8: INCOME

Note 8.1: REVENUE FROM OPERATIONS

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Sales of Services</b>		
Industrial Power : High Tension	420,053.16	355,528.69
Parallel Operation Charges from CPP	6,371.46	6,412.36
Low Tension Consumers including Industrial Medium & Low Voltage	297,071.20	227,503.93
Meter Rent/Service line rental	2,033.04	1,883.57
Interstate Sale of Power including UI Charges	43,413.19	103,841.48
<b>Total Sales</b>	<b>768,942.04</b>	<b>695,170.03</b>
<b>Other Operating Revenues:</b>		
Wheeling Charges, Open Access & Cross Subsidy Charges	5,888.02	5,193.21
Reactive Energy Charges	346.95	416.60
Delay Payment Surcharge	15,285.69	6,789.91
	<b>21,520.66</b>	<b>12,399.72</b>
	46,500.00	-
<b>Revenue From Operations (Gross)</b>	<b>836,962.70</b>	<b>707,569.75</b>
Less: Excise Duty		
<b>Total</b>	<b>836,962.70</b>	<b>707,569.75</b>

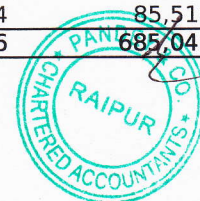
Note 8.2: OTHER INCOME

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Interest Income</b>		
Interest on FDR	392.34	283.79
Interest on Advance to Contractors & Suppliers	220.30	813.18
Interest on Staff Loans & Advances	31.27	41.25
Interest on Other Loans & Advances	5.70	78.39
Interest received on application Money (Bonds)	36.35	
	<b>685.97</b>	<b>1,216.61</b>
Net Income from Sale of Scrap	841.33	303.70
Other Miscellaneous Income	2,624.35	2,083.49
<b>Total</b>	<b>4,151.64</b>	<b>3,603.80</b>

NOTE 9: EXPENSES

Note 9.1: COST OF POWER PURCHASE

Particulars	₹ in lac	
	Current Year 31.03.2015	Previous Year 31.03.2014
a. Power Purchase	677,623.89	601,062.76
Less: Rebate Claim on Power Purchase	228.38	1,533.20
	<b>677,395.51</b>	<b>599,529.56</b>
b. Transmission Charges	103,186.04	85,516.84
<b>Total</b>	<b>780,581.56</b>	<b>685,046.41</b>





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

Note 9.2: EMPLOYEE BENEFIT EXPENSES

Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Salaries and incentives:</b>		
Salary & Wages	68,484.17	57,728.61
Other Staff Costs	1,027.03	755.46
Earned Leave Encashment to Retired Employees	475.54	1,062.71
Gratuity & Pension	126,015.61	8,971.00
	-	-
<b>Contribution to Provident Fund &amp; Other Funds</b>	1,208.41	924.29
<b>Staff Welfare Expenses</b>	649.19	778.09
	<u>197,859.94</u>	<u>70,220.16</u>
	-	-
<b>Less: Employee Cost Capitalized</b>	3,506.70	5,072.56
	-	-
<b>Total</b>	<b>194,353.24</b>	<b>65,147.61</b>

\* During the year the company has apart from its contribution towards pension fund as directed by CSERC has also provided for Rs.1072.97 Crs towards its the share of its deficit in the actual contribution vis-à-vis the stipulated contribution determined on the basis of actuarial valuation as at 31st March'2015 in its profit and loss account.

Note 9.3: FINANCE COSTS

Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Interest expense:</b>		
Interest on State Government Loan	910.93	1,165.50
Interest on Bonds	30.76	-
Interest on Debenture	70.11	106.97
Interest on PFC Loan	3,229.74	2,391.00
Interest on REC Loan	6,999.33	3,973.53
Interest on Security Deposit from Consumers	8,369.77	6,861.54
Interest on Working Capital Loan	4,610.22	4,519.40
Interest paid on application money (Bonds)	14.21	-
<b>Bank Charges</b>	452.44	445.87
	<u>24,687.50</u>	<u>19,463.79</u>
	-	-
<b>Less: Interest &amp; Finance Charges Capitalized</b>	1,743.84	1,913.20
	-	-
<b>Total</b>	<b>22,943.66</b>	<b>17,550.59</b>





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

Note 9.4: OTHER EXPENSES

Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
Rent,Rates & Taxes	413.39	334.01
Insurance	12.36	6.42
<i>Repairing &amp; Maintenance:</i>		
Plant & Machinery	10,789.71	8,512.04
Building & Civil Works	989.09	704.25
Others	619.47	516.23
Electricity Charges (Office & Other Consumption)	1,695.41	2,799.74
Service Contract including Legal & Professional Charges	834.90	787.03
Meter Reading & Other Merchandising & Service Contracts	4,613.52	4,880.77
Vehicle Running, Hiring and Maintenance	1,998.69	1,568.16
A & G Expenses of CSPHCL	1,024.28	1,055.56
Bad Debts Written Off	-	-
Provision for Shortages in Inventory	5.33	24.72
Other Miscellaneous Expenses	1,848.04	1,942.92
<b>Auditor's Remuneration</b>		
Statutory Audit Fees	7.50	6.74
Tax Audit Fees	2.25	1.24
	<b>24,853.95</b>	<b>23,139.83</b>
Less: Repairs & Maintenance Capitalized	33.15	52.94
Less: Administration & Other Expenses Capitalised	312.57	509.53
<b>Total</b>	<b>24,508.23</b>	<b>22,577.36</b>

Note 10 : Exceptional Item

Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Income:</b>		
Waiver of Liability of CSPGCL and CSPTCL as per CSERC Order		95,487.00
Income/ (Expense) recoverable from Future Tariff	42,853.00	-
Interest on issue of bonds	-	-
<b>Expense:</b>		
Reversal of Income recoverable from future tariff	-	(48,864.00)
Fraud and Misappropriation	92.20	-
<b>Total</b>	<b>42,760.80</b>	<b>46,623.00</b>

The amount of Rs.92.20 pertaining to FY 2014-15 has been debited in P/L account as fraud and misappropriation. Action against the delinquent contractors has being taken by lodging FIR against them, further Rs.38.72 lacs has been recovered from the and contractors during the year the same has been booked in other income in the Profit and loss account.

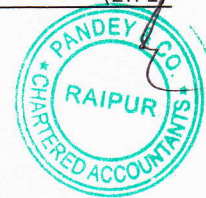
Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
<b>Income:</b>		
Receipt from Consumer related to previous year		1,155.78
Excess Provisions pertaining to previous years written back	135.47	-
Prior Period Income from redemption of bonds		-
	<b>135.47</b>	<b>1,155.78</b>
<b>Expenses:</b>		
Power Purchase including Transmission Charges		14,486.89
Employee Costs	56.59	81.10
Prior Period Income from redemption of bonds	70.00	-
Interest reversal		-
	<b>126.59</b>	<b>14,567.99</b>
<b>Net Prior Period Income/(Expense)</b>	<b>8.88</b>	<b>(13,412.21)</b>



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED  
Notes to financial statements for the year ended 31st March, 2015

Note 12: EARNINGS PER SHARE

Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
Net Profit/(Loss) as per Profit & Loss Account available for Equity Shareholders	(15,541,687,534.62)	(6,304,189,079.16)
Weighted Average number of Ordinary Share Outstanding	2,263,103,232.00	2,263,103,232.00
Add: Weighted Average number of Potential Equity shares on account of Share Application Money	63,262,500.00	63,262,500.00
Cumulative Weighted Average number of Ordinary Share Outstanding for Basic EPS		
1. For Basic Earnings per Share of ₹10 each	2,326,365,732.00	2,326,365,732.00
2. For Diluted Earnings per Share of ₹10 each	2,326,365,732.00	2,326,365,732.00
<b>Earnings per Share</b>		
Basic	(6.68)	(2.71)
Diluted	(6.68)	(2.71)





# CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2015

## 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.
- Earned Leave Encashment to Retiring Employees
- Liquidated damages and warranty claims.
- Audit Recoveries

### b. Going Concern Concept

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

### c. Use of Estimates

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

### d. Consistency Concept

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

### e. True and fair Presentation

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

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





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2015

### 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 or may not involve replacement of an existing asset. All expenditures on improvements are capitalized.





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

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:

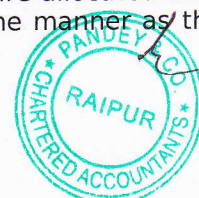
- a. The amount is not subject to any conditions to be fulfilled by the Company; or
- b. The conditions attached to the amount have been fulfilled by the Company.

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, 2015

### 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.

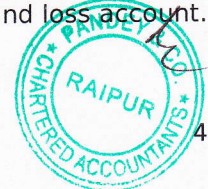
### q. Retirement Benefits:

#### (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.





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

However, earned leave encashment has been accounted on cash basis i.e. actual payment to retiring employees is charged in the profit and loss account.

#### r. Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/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 such deferred tax assets can be realized. In situations where the company has unabsorbed





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

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.

#### x. Fraud & Misappropriation :

In the working jurisdiction of Bilaspur and Jagdalpur Region, cases of claiming false bills amounting to Rs.6.21 Crore during the FY 2012-13 to 2014-15 by some contractors towards Meter Shifting and Line Maintenance work in the various divisions have been detected year wise details as under-

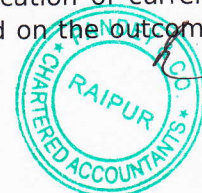
Sl.No	Financial Year	Amount (in Lacs)
1	2012-13	43.69
2	2013-14	485.39
3	2014-15	92.20

The amount pertaining to FY 2014-15 has been debited in P/L account as fraud and misappropriation. Action against the delinquent contractors has being taken by lodging FIR against them, further Rs.38.72 lacs has been recovered from the and contractors during the year the same has been booked in other income in the Profit and loss account.

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

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

- i. Vide notification dated 2nd November 2004, Central Govt. has appointed 15th November 2000 as date of dissolution of erstwhile MPEB. Further, vide notification dated 4th November 2004, assets & liability of erstwhile MPEB has been finally allocated between successor SEBs i.e. MPSEB and CSEB. Both orders has been challenged in Supreme Court by Govt. of Madhya Pradesh and MPSEB. The Hon'ble Supreme Court has dismissed the petition filed by MPSEB on dt. 13.9.2006 and the review petition filed were also dismissed on 18.01.2007. However, the civil suit filed by Govt. of MP is pending. Accordingly, any liability arising on the settlement of civil suit will have an adverse implication on the successor companies of erstwhile CSEB.
- ii. On bifurcation of erstwhile state of Madhya Pradesh, MPEB had sustained tax loss of ₹ 1,422.46 Cr and ₹ 993.65 Cr in FY 1999-2000 and FY 2000-01 respectively, aggregating to ₹ 2,416.11 Cr. As per section 65 of Madhya Pradesh Reorganization Act (MPRA), the Central Government has been empowered to make rules for bifurcation of these tax losses of MPEB between MPSEB and CSEB. However, no such rules have been made by the Central Government so far.
- iii. In the absence of such rules, for the purpose of this computation, CSEB has claimed its share of ₹ 554.98 Cr in the brought forward tax losses of MPEB in power consumption ratio of 77.03:22.97 (MPSEB:CSEB), as laid down by the Central Government in its Notification dated November 4th, 2004 for allocation of current assets and liabilities of MPEB. Board's tax liabilities may vary based on the outcome





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

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.
- b. The demand has been raised against Board by Income Tax department after income assessment of AY 2003-04 & onwards. The Board has filed appeal against order and cases are pending before various authorities. The liability may be arising based on outcome of the case. The year wise gross disputed demand and tax paid against such liabilities are as under :-

Sl. No.	Assessment Year	Gross Tax Liability demanded in 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





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

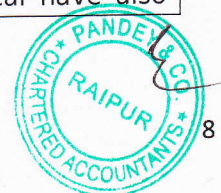
Notes to financial statements for the year ended 31st March, 2015

Sl. No.	Assessment Year	Gross Tax Liability demanded in Crores	Unpaid Tax Liability in Crores	Authority before which case is pending
				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 Crs & 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 appeals and stay applications before the ITAT, Mumbai within the time as stipulated under the provisions of Income tax Act which is pending.
3	2007-08	168.49	-	The matter is pending before CIT (A) / ITAT.
4	2008-09	92.19	-	
5	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 cr. The company aggrieved from the order of CIT (A) has preferred an appeal to Income Tax Appellate Tribunal, who have granted stay against recovery of said demand. The matter is pending before ITAT, Mumbai Bench.
- 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	2008-09	23.82	The Jurisdictional Deputy Commissioner has raised the demand of VAT tax on meter rent taking it as a " transfer of right to use any goods." and sale of tender form. The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal). Apart from the above appeal have also



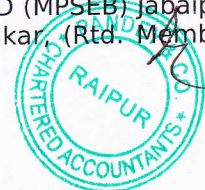


CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2015

Sl. No.	Financial Year	Gross Tax Liability disputed in lacs	Remark
			been filed under the entry tax act against the reduction in tax paid and tax free purchase from Rs.9,08,88,650/ to Rs.3,00,00,000/-, interest of Rs.59650/and penalty Rs.1000/- imposed during the assessment.
2	2009-10	58.74	The company has filed appeal against the order of the Dy. Commissioner of Commercial Tax before the Addl. Commissioner (Appeal) on account of demand of VAT tax on meter rent taking it as a "transfer of right to use any goods." and sale of tender form and penalty . The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal). Apart from the above appeal have also been filed under the entry tax act against the reduction in tax paid and tax free purchase from Rs245,59,39,461/ to Rs.245,83,58,010/- and penalty Rs.5000/- imposed during the assessment.
3	2010-11	63.79	The company has filed appeal against the order of the Dy. Commissioner of Commercial Tax before the Addl. Commissioner (Appeal) on account of demand of VAT tax on meter rent taking it as a "transfer of right to use any goods." and sale of tender form and penalty . The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal). Apart from the above appeal have also been filed under the entry tax act against penalty of Rs.5000/- imposed during the assessment.
4	2011-12	76.49	The company has filed appeal against the order of the Dy. Commissioner of Commercial Tax before the Addl. Commissioner (Appeal) on account of demand of VAT tax on meter rent taking it as a "transfer of right to use any goods." and sale of tender form and penalty . The company has filed an appeal against the order of the Deputy Commissioner and is pending before the Additional Commissioner (Appeal).

- 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-





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

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

- f. Chhattisgarh State Power Trading Company has claimed interest amounting to ₹ 51.34 cr. against outstanding dues of CSPDCL, however in the absence of formal power purchase agreement till date, the said claim has not been admitted by CSPDCL.
- g. 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 cr. at the contracted load ignoring the instruction laid down by SLDC during the relevant period. Further additional claim of ₹ 1.55 cr 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 Slasar Steel Power Ltd has justified the action taken by CSPDCL unser petition no.46 and 47 of 2014 respectively.
- h. The Income Tax Department has raised TDS demand amounting to Rs.2.29 cr at RAO Raipur for the period FY 2007-08 to FY 2011-12, the company has already filed its reply in few cases and is in process of filing in others.
- i. Outstanding Bank Guarantee and Letter of Credit against Power Purchase as on 31<sup>st</sup> March'15 is ₹ Nil (PY ₹ Nil)
- j. The company through the online system of Income Tax Department has retrieved that an amount of ₹26.12 Cr is outstanding against TDS liability (Short Deduction/ Short Payment) and corresponding interest of ₹ 4.88 Cr against delay in short deduction/ short payment and the late filing fees including interest amounting to ₹ 0.36cr. 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.

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

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





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

- b. The company has lodged claim against various vendors against supply of inferior quality transformers of which detail are as follows:

SN.	Name of firm	Amount of penalty (₹ in lac)
1.	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. Ghazibad, 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.

- c. The company has filed an appeal before the Hon'ble Supreme Court vide appeal no. 5683 to 5685 of 2010 towards refund of POC claim of ₹ 1.53 cr. from M/s Salasar Steel & Power Ltd. Raigarh in place of cross subsidy charges, the matter is pending for final disposal.
- d. Bills had been raised towards cross subsidy surcharge against the generators who have loss their captive status from FY 2006-07 to FY 2012-13. The total billed amount is ₹ 162.24 Cr. out of which ₹ 102.37 Cr. has been recovered till October 2015. Some of the generators have filed appeal before CSERC/ High Court/ Supreme Court against the said bills and accordingly CSPDCL has restrained itself from adjustment of said claim from regular bills of generators.

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

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





## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Notes to financial statements for the year ended 31st March, 2015

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

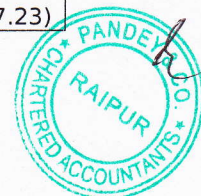
#### 16. Absorption of Expenses of CSPHCL:

As per Schedule V Part II para (a) (v) of the transfer scheme all expenses incurred by the Holding Company including Administration and General expenses, legal and consulting fees, etc. shall be shared by Generation Company, Transmission Company, Distribution Company and Trading Company in the ratio of their respective equity, accordingly net expenses of CSPHCL after offsetting income has been absorbed by other successor companies as per the provision of transfer scheme rules. CSPDCL has been charged ₹ 10.14cr (PY 10.56cr) as their share of expenses allocated from CSPHCL, the same has been included in "Other Expenses" in Note No.9.4 of the Statement of Profit and Loss Account.

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

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

Sl. No.	Particulars	₹ In cr.
	<b>ASSETS</b>	
A	Fixed Assets	1,749.56
B	Less: Depreciation	646.74
C	Net Assets	1,102.82
D	CWIP	806.52
E	Intangible and other Assets	9.50
F	Investment in subsidiary company	-
G	Investment	78.90
H	Stock	29.24
I	Receivable against supply of power	1,166.24
J	Cash & Bank	23.11
K	Inter company Receivable/Payable	(47.23)





CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2015

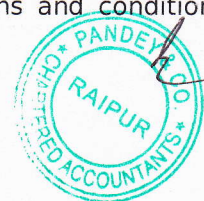
Sl. No.	Particulars	₹ In cr.
L	Loans & Advance	394.57
M	Sundry Receivable	53.29
N	Security Deposits from Consumers	(463.22)
O	Other Current Liabilities	(1,034.33)
P	Subsidy Receivable from Government	240.48
	<b>Total Assets (C to P)</b>	<b>2359.89</b>
<b>LIABILITIES</b>		
A	Surplus + Equity Adjustment	1,822.23
B	Reserve and Reserve Funds	91.03
C	<i>Sub Total: Shareholder Equity</i>	<i>1,913.26</i>
D	Total Funds from State Gov.	214.94
E	Payment Due on Capital Liabilities	149.03
F	Capital Liabilities	82.66
	<b>Total Liabilities (C to F)</b>	<b>2359.89</b>

- i. As per the said notification, figures derived for opening balance sheet are from the unaudited balance sheet of erstwhile CSEB as on 31<sup>st</sup> December'2008 and are subject to audit by the Comptroller and Auditor General of India. As informed by CSPHCL, audit of erstwhile CSEB upto 31<sup>st</sup> Dec'08 has been completed by CAG during the month of May'2012, however revised opening balance are yet to be notified by the state government. Further CSPTCL has affected transfer of CWIP amounting to ₹131.91 cr 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 19<sup>th</sup> May'2003. The above balances notified by Government of Chhattisgarh on restructuring of erstwhile CSEB has been incorporated in the account of company on 01<sup>st</sup> January'09 and accordingly independent operations of the company has commenced with effect from 01<sup>st</sup> January'09.

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

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

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





**CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**

**Notes to financial statements for the year ended 31st March, 2015**

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

**20. Employees Retirement Benefit**

In accordance with the policy mentioned in point no. q (ii) of the significant accounting policy above, the company has contributed their share of pension and gratuity liability to the extent allowed by CSERC in its tariff petition which amounts to ₹ 218 cr. Further company has also provided for the share of its deficit in the actual contribution vis-à-vis the stipulated contribution determined on the basis of actuarial valuation as at 31st March'2015 amounting to ₹ 1072.97 cr in its profit and loss account.

21. 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.
22. Pursuant to cash system of accounting followed for surcharge on HT consumer, the company has reversed ₹ 275.63 crore (PY ₹358.24cr) from the "other operating revenue" and has reduced sundry debtors for HT Consumer to that extent.
23. Estimated value of contracts remaining to be executed on capital accounts: The Company is in the process of ascertaining the estimated amounts due and remaining to be executed on capital contracts for the financial year 2014-15.
24. Quantitative Details of Purchases and Sales of Energy in MUs and ₹ in Lac:

Energy Purchased and Sold	Purchases		Sales	
	In MU	₹ In Cr	In MU	₹ in Cr
FY: 14-15	24006	6773.95	17102	7689.42
FY: 13-14	22582	5995.30	17100	6957.70

**25. Managerial Remuneration:**

Details	2014-2015 (₹)	2013-2014 (₹)
Salary & Allowances	48000-	
Other Benefits	47,124/-	47,124/-
Total	95123/-	47,124/-

**26. Expenditures/Earnings in foreign currency: ₹ Nil**

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





**CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED**

Notes to financial statements for the year ended 31st March, 2015

28. 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.
29. 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.
30. 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.
31. The Company is a state government undertaking engaged in the only in one activity i.e. 'Distribution of Electricity'. Hence Segment Reporting is considered not applicable.
32. In view of paragraph 9 of AS-18, no disclosure is required as regards related party relationships with other state controlled enterprises and transaction with such enterprises. Other disclosures as required by AS-18 are as under:

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

Name of Related Party	Nature of relationship	2004-15 (₹)	2013-14 (₹)
Shri.Ankit Anand	Managing Director/ Key Management Person	-	-
Shri.Subodh Kumar Singh*	Managing Director/ Key Management Person	95123	47,124/-

\*Retired on 03.03.2015

33. 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.

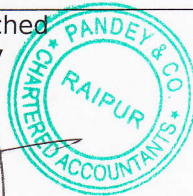
As per our report attached  
For Pandey & Company  
FRN No. 000357C

P.K. Pandey  
Partner

Membership No. 013175

Place: Raipur (CG)

Date :23<sup>rd</sup> December 2015



For, Chhattisgarh State Power Distribution  
Company Limited

Managing Director

Director

*Reha*  
**Company Secretary**  
C.S.P.D.C.L., Raipur

*Sandeep Modi*  
**Chief Financial Officer**  
CSPDCL: RAIPUR