CSPDCL

छत्तीसगढ़ स्टेट पॉवर डिस्ट्रीब्यूशन कंपनी लिमिटेड

# DIRECTOR'S REPORT

# 2021-2022

# BOARD'S REPORT

**To,**
**The Members of**
**M/s Chhattisgarh State Power Distribution CompanyLtd.**
**Raipur (C.G.)**

Your Directors have pleasure in presenting the 19th Annual Report of the Company for thefinancial year ended 31st March, 2022.

## 1) CONSTITUTION OF THE COMPANY:

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

## 2) CAPITAL STRUCTURE:

The authorized share capital of the Company stood at Rs. 3,300 Crore divided into 330 Crore equity shares of Rs.10/- each as on 31st March, 2022. Further, the paid up share capital at the end of the financial year under review stood at Rs. 2886.48 Crore divided into 288.64 Crore equity shares of Rs.10/- each.

## 3) FINANCIAL RESULTS:

**(Rs. in Crore)**

| PARTICULARS | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Revenue from Operations | 17480.91 | 15998.58 |
| Other Income | 319.73 | 275.75 |
| Profit/(Loss) before depreciation, exceptional & extraordinary items & taxation | (734.04) | (443.77) |

| | | |
|---|---|---|
| Less: Depreciation & Amortization Expenses | 480.18 | 436.21 |
| Profit / (Loss) before exceptional & extraordinary items & taxation | (1214.22) | (879.99) |
| Add : Exceptional & Extraordinary items | | 460.21 |
| Profit / (Loss) before tax | (1214.22) | (419.77) |
| Less: Tax expenses | 0.00 | 0.00 |
| **Profit/(Loss) after taxation** | (1214.22) | (419.77) |
| **Other Comprehensive Income** | **(948.05)** | **(468.67)** |
| **Total Comprehensive Income** | **(2162.27)** | **(888.44)** |

## 4) REVIEW OF PERFORMANCE:

During the financial year 2021-22, the Company has earned Revenue from Operations amounting to Rs. 17480.91 crore as compared to Rs. 15998.58 crore during the previous financial year. The company is a Public Utility and is functioning under the regulatory regime. The tariff is determined by the CSERC taking into consideration various factors. The net loss of the Company as accounts prepared as per IND AS was Rs. 2162.27 crore after adjustment of Other Comprehensive Income during the financial year under review as compared to net loss of Rs. 888.44 crore during the previous financial year.

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

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

## 6) OPERATIONAL PERFORMANCE:

During the period from 01.04.2021 to 31.03.2022, 4,495 KM Sub-Transmission Lines and 10,294 KM Low Tension (Distribution) Lines were constructed. Including the above, the total length of Sub-Transmission Lines and Low Tension (Distribution) Lines stood at 1,50,221 KM and 2,17,355 KM respectively at the end of the financial year. During the period under review, work of 11 Nos. New 33/11 KV S/s 76 No. Additional Power Transformer, 47 No. Aug of Power Transformer, 12,340 Nos. New 11/0.4 KV Distribution Transformers and 857 No. Augmentation of 11/0.4 KV Transformer were completed as a result of which, the capacity was increased by 647 MVA. As on 31.03.2022, there were 1,332 Nos. 33/11 KV and 2,04,171 Nos. 11/0.4 KV Sub-stations with total capacity of 20,457 MVA.

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

| S. No. | Particulars | Unit | F.Y. 2021-22 |
|---|---|---|---|
| 1. | 33 KV Lines | KM | 468 |
| 2. | 11 KV Lines | KM | 4,027 |
| 3. | Low Tension Lines (400-230 Volts) | KM | 10,294 |
| 4. | 33/11 KV Sub-stations installed | Nos. | 11 |
| | Capacity | MVA | 40 |
| 5. | Installation of Additional Transformer in existing 33/11 KV Sub-station | Nos. | 76 |
| | Capacity | MVA | 238 |
| 6. | Increase in capacity of Transformer of existing 33/11 KV Sub-stations | Nos. | 47 |
| | Capacity | MVA | 88 |
| 7. | 11/0.4 KV Sub-station installed | Nos. | 12,340 |
| | Capacity | MVA | 247 |
| 8. | Increase in capacity of 11/0.4 KV Transformers | Nos. | 857 |
| | Capacity | MVA | 34 |

◈ **Normal Development Work:**

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

| S. No. | Particulars | Unit | Achievement |
|---|---|---|---|
| 1. | 33 KV Lines Construction | KM | 28 |
| 2. | 11 KV Lines Construction | KM | 225 |
| 3. | Distribution Lines for Services (For New Connections) | KM | 176 |
| 4. | New Distribution Transformers | Nos. | 320 |
| 5. | Increase in Capacity of Distribution Transformers | Nos. | 54 |
| | Capacity | MVA | 3.24 |
| 6. | Connection provided: | | |
| | Single Phase | Nos. | 89,726 |
| | Three Phase | Nos. | 16,092 |
| | High Tension Connection | Nos. | 251 |

### ◈ Electrification of Irrigation Pumps

During the period from 01.04.2021 to 31.03.2022, the line extension work has been completed for 31,817 pumps and 4,93,903 pumps have been energized up to 31.03.2022.

### ◈ B.P.L Connection:

As per the direction of State Government, the B.P.L. Connection is made available to peoples who are below poverty line. During the period from 01.04.2021 to 31.03.2022, total 5,281 connections have been provided to the above category families. As a result, there are 17,64,411 B.P.L. Connections to the above category families as on 31.03.2022.

## 7) FUTURE PROSPECTS & PLANS:

### INTEGRATED POWER DEVELOPMENT SCHEME [I.P.D.S.]

### (Centrally Sponsored Scheme)](Scheme No. 7655):--

Ministry of Power, GoI, has launched Integrated Power Development Scheme (IPDS) for strengthening of sub-transmission and distribution network in urban areas including provisions of solar panels, metering and IT enablement of distribution sector.

For Chhattisgarh State, 15 DPR's (circle wise) have been sanctioned for Rs 514.52 Crs.; covering 182 towns - including 168 censuses and 14 statutory towns. The scheme has been closed on March 2021 and the closer amount ₹411.64 cr.

### DEEN DAYAL UPADHYAY GRAM JYOTI YOJANA [D.D.U.G.J.Y. (Centrally Sponsored Scheme)](Scheme No. 7652) :--

- MoP; GoI vide office memorandum No. - 44/44/2014-RE dated 03.12.14 has conveyed regarding launch of Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) for rural area.
- For Chhattisgarh State, REC Ltd. conveyed approval of DPR's of all 27 districts vide their letter No. 94 dated 14.08.2015 for Amount Rs.1253.98 Crore (Rs 1247.75 Crore for project + Rs 6.23 Crore as PMA charges).
- The works of 27 districts have been completed and the total expenditure occurred in the scheme as per closer Rs 1203.78 Cr. The scheme has been closed on March 2022.

### Pradhan Mantri Sahaj Bijli Har Ghar Yojna(SAUBHAGYA)

- MoP:GoI has launched "Pradhan Mantri Sahaj Bijli Har Ghar Yojna" (SAUBHAGYA) on 25.09.2017, in which all houses in the country (i.e. Rural as well as Urban) are to be provided last mile connectivity for electricity connections.

- Amount Rs.413.75 Cr. has been sanctioned to electrify house-holds through grid at rural areas and Amount Rs. 6.78 Cr. has been sanctioned to electrify house-holds through grid at urban areas and additional amount Rs.83.64 cr. also sanctioned.

- As on 31.03.2019, connections of 6,65,756 House-holds have achieved and scheme closed on this achievement and the closer amount is. ₹469.00 crore.

**Rajiv Gandhi Gram Vidyutikaran Yojna (RGGVY)**

- **X PLAN :-** Scheme for 03 districts namely Kabirdham (Kawardha), Durg & Janjgir-Champa sanctioned under 10th five-year plan and closed on Oct. 2012.

- **XI PLAN :-** As on 31.03.2018, work in 11 districts namely Kawardha, Durg, Kawardha Ph-II, Durg Ph-II, Rajnandgaon, Raipur, Dhamtari, Mahasamund, Kanker, Bilaspur, Korba under 11th five years have been completed and closure accepted by REC Ltd. Under 11th plan remaining Scheme for 03 districts namely Bastar (including Narayanpur and Kondagaon), Koriya & Jashpur have been completed and closed on Dec.2021

- **XII PLAN :-** Under 12th plan, 04 district projects viz. Janjgir champa (Rs. 92.20 Cr), Mahasamund (Rs. 44.84 Cr), Dhamtari (Rs. 67.85 Cr) & Korba (Rs. 81.19 Cr) have been completed and closed on August 2020.

**REVAMPED DISTRIBUTION SECTOR SCHEME (RDSS): -**

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

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

2. The Scheme has the following parts-

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

   PART-B

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

3. **The Gross Budgetary Support (GBS) for the State of Chhattisgarh is as under: -**

Rs. in Crore

| S.No. | Particulars | Total Project Cost | GBS* | PMA Charges** | GBS for PMA Charges |
|---|---|---|---|---|---|
| 1 | Smart Metering Works | 4089.97 | 613.50 | 15.34 | 9.2 |
| 2 | Infrastructure Works- Loss Reduction | 3544.38 | 2126.63 | 53.17 | 31.90 |
| | Total | 7634.35 | 2740.12 | 68.50 | 41.10 |

*Excluding incentives in case of Smart Metering Works of Phase-I

**2.5% of GBS for smart Metering (excluding incentive) and 1.5% of total Project cost.

**HVDS scheme:-**The High Voltage Distribution System scheme, as the name suggests, has the great scope of T&D loss reduction by covering the existing LT network in to HT network. Efforts are being made to increase HT/LT ratio in terms of both line length & consumption accompanied by the respective network. The funds for this scheme are being made available through Company's own sources and financing from Rural Electrification Corporation Limited (REC). REC has sanctioned HVDS scheme for feeders separation in Saraipali, Aklatara, Kawardha, Mahasamund & Sakti Division. In Saraipali division, out of 58 feeders, 58 no. feeders have been completed. Under Akaltara, Division 29 no. feeders are to be converted into HVDS system and work of all 29 feeders has been completed, under (O&M) Dn, Kawardha, out of 77 no feeders, work in 42 no feeders has been completed and under (O&M) Dn Mahasamund, out of 95 no feeder, work in 80 feeder has been completed.

**R-APDRP Part B:-**To reduce line losses in 21 towns (for which 19 DPR Sanction) having population more than 30000 as scheme worth Rs 710.24 Crs was sanctioned for new 33/11 KV for line extension work, cable lying work, new Distribution Transformers, shifting of meters outside consumer premises etc. Work of 21 town got completed.

**STN Scheme**:- Energy Conservation has also been achieved through strengthening of Sub-transmission line under the STN (076) scheme for which the provision of Rs. 817.84 Crore has been made by CSERC for the year 2021-22 and expenditure of Rs. 351.97 Crore has been incurred including spill over work during the reporting year 2021-22.

## 8) IMPROVEMENT INITIATIVES:

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

- To improve the billing efficiency and better performance of reading and to avoid manual intervention, Photo Spot Billing has been implemented in all over C.G. Covering around 62 lac consumers.

- Automatic meter reading system has been implemented in all 3613 HT connections, 12962 LT connections having connected load above 50HP and 14288 LT connections having connected load between 15HP to 50HP for precise reading and accounting of Energy consumed by major consumers approximately covering 70% of the total Revenue of the company.

- CSPDCL has completed 100% feeder metering to monitor the losses at all voltages level and for proper energy accounting at all 739 Nos 33 KV feeder and 5392 Nos 11 KV feeder. In addition this 4700 Nos AMR has been install at all 11 KV feeders in urban as well as rural area. 76960 No. DTs have been metered for DT wise monitoring of T&D losses.

- The process of replacement of Stopped/Defective meters have been implemented in a regular manner. 445364 No. of Stopped/Defective meters have been replaced in the year 2021-22.

- Different modes of digital payment have been provided as Net Banking, Debit Card, Credit Card, RTGS, NEFT, UPI, Wallets, Pay-points centres and common service centres. 142 Nos. of ATP machines have been installed at different location in the State where the consumer can pay the bill from 8:00 AM to 8:00 PM round the week in addition to the manual counters, towards improvement of collection efficiency & consumer services.

- 24 No. special courts are functioning under section 153 of Electricity Act., 2003 at District Head Quarters for speedy trial of offences referred in section 135 to 140 & section 150 of Act, 2003.

- Consumer grievance redressal forum has been setup in Raipur, Bilaspur & Jagdalpur at Regional Head Quarters. Raipur forum arranges weekly camps at Durg&Rajnandgaon. Similarly, Bilaspur forum arranges fortnightly camps at Raigarh & Ambikapur towards quick disposal of consumer grievances by providing close approach to consumers.

- A service of Automated Central Call Centre with group of Call Centres in 22 towns has been created to facilitate 24x7 registration of technical and commercial complaints and for resolution in minimum time.

- Continuous improvement in operational efficiency has been achieved through adding further functionalities in various modules of SAP EFP : Materials Management, Financial Accounting and Controlling, Human Resource Management, Billing (IS-U), Customer Relationship Management (CRM), Suppliers Relationship Management (e-Bidding) and Maintenance Management System. This has resulted in even better consumers services, procurement & inventory management, financial progress monitoring and in providing module specifc information at various levels (Distribution Centre, Zone/Sub Division, Division, circle, Region & Head Office)

- Further improvements in the customer services through the Centralised Call Center have been achieved for the electricity consumers of entire state. Consumers can register any type of complaint at this center related to supply of electricity, Billing etc. And can query about any CSPDCL service or can enquire about the status of their complaints.

- CSPDCL Website "www. cspdcl.co.in" has been enriched further with additional Online Consumer Web Self Service & Online New Service Connection (NSC). The other customer care services like Online Bill payment, 24 months Billing information, 24 months payment information, Online Complaint Registration, Online Application for load change, Name change, Tariff change are continued as earlier.

- CSPDCL has further increased the number of Bill payment Kiosk ATP Machines from 125 to 142 no.s for convenience of consumers. The other payment services to its electricity consumers like Online Bill Payment through Net Baking, Credit Card, Debit Card, BHIM UPI, Bharat Biil payment System, pay point Centres, Common Service center are continued as earlier.

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

- To improve the billing efficiency, correctness of meter reading and avoid manual intervention,Spot Billing with photograph has been implemented in the state from billing month of july-2021. Number of consumers covered is 48.5 lacs for all LT consumers excluding the agriculture consumers. The new photo spot billing is being done with the help of android mobile device and through thermal handheld printer. To ensure the photo spot billing should be done at the consumer's doorstep the latitude and longitude of the premise is being captured.

- Different modes of digital payment have been provided e.g. Net Banking, Debit Card, Credit Card, RTGS, NEFT, BHIM and other UPI, Bharat Bill payment System,Wallets, Pay-points centres and common service centres. 151 Nos. of ATP machines have been installed at different location in the State where the consumer can pay the bill from 8:00 AM to 8:00 PM round the week in addition to the manual counters, towards improvement of collection efficiency & consumer services.

- CSPDCL has further increased the number of Bill payment Kiosk ATP Machines from 142 to 151 for convenience of consumers.

- Centralised Call Center facility with IVRS and Tollfree No. 1912 has been available to all electricity consumers of CSPDCL for registration of technical and commercial complaints 24x7. All the CSPDCL offices and Fuse of Call Centers have been linked with the Centralised Call Center for resolution of registered technical and commercial complaints in minimum time.

- Mor Bijlee Android Mobile App has been available for electricity consumers. Some new Features added like Bill Calculation, Bijlee Bill Half Yojna Rebate details, Emergency Complaint and many other useful information's has been provided to the consumers in this app.

- Missed Call Services for easier New Electricity Connection has been launched by CSPDCL since Feb-2022 for entire Chhattisgarh through No. 7404040625.

- CSPDCL Prakash Mobile App has been available for CSPDCL Officers/ Employees. Technical Complaint Closure, View Consumer Profile, NSC Connection Status, Feeder Interruption etcare the facilities available for CSPDCL Officers/ Employees.

- CSPDCL Website "www. cspdcl.co in" has been enriched further with additional Ease of Doing Business Portal.

- Continuous improvement in operational efficiency has been achieved through adding further functionalities in various modules of SAP ERP: Materials Management, Financial Accounting and Controlling, Human Resource Management, Billing (IS-U), Customer Relationship Management (CRM), Suppliers Relationship Management (E-Bidding) and Maintenance Management System. This has resulted in even better consumers services, procurement & inventory management, financial progress monitoring, taxation and in providing module specific information at various levels (Distribution Centre, Zone/Sub Division, Division, circle, Region & Head Office).

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

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

  The total actual cost of the scheme is Rs.75. 99 crores have come, whose completion report has been submitted to the project nodal agency M/s Power Finance Corporation of the Government of India.

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

I. Information Technology Infrastructure - which involved Hardware Supplies like Computer System, Printer, UPS etc. was extended to all the 160 IPDS Towns.

II. Meter Data Acquisition System- with scope of installation of Modems at Feeder, Cop, & DT locations of all 160 towns under IPDS IT.

- CSPDCL has completed 100% feeder monitoring through MDAS for all 182 R-APDRP and IPDS Towns.

- Operational efficiency has been enhanced in Meter Data Acquisition System (MDAS), Implemented in 182 towns under R-APDRP Scheme and IPDS Scheme. A total number of 8838 new modems have been added to integrate meters of 160 IPDS towns.

III. Geographical Information System- which involved Creation of base map of project area and its asset mapping digitization in GIS etc. works which were done in RAPDRP towns now covers182 towns.

IV. Data Centre and Data Recovery infrastructure was upgraded with installations of new servers.

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

The following works has been done and are being used: -

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

## 9) DIVIDEND

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

## 10) TRANSFER TO RESERVES:

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

## 11) PUBLIC DEPOSIT:

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

## 12) DIRECTORS & KEY MANAGERIAL PERSONNEL:

As per provisions of the Articles of Association of the Company, all the Directors hold their office at the pleasure of the Government of Chhattisgarh. Further no changes have taken place in the constitution of the Board of Directors of the Company since the date of previous Directors' Report for the F.Y. 2020-21. Accordingly, the following persons constitute the Board of Directors of the Company as on date:

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

Further,no changes have taken place in the constitution of Key Managerial Personnels of the Company since the date of previous Directors' Report for the F.Y. 2020-21. Accordingly, the Company is having the following Key Managerial Personnel, in compliance of the provisions of Section 203 of the Companies Act, 2013: -

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

## 13) DECLARATION BY INDEPENDENT DIRECTOR:

Since, the Company was not required to appoint Independent Directors as required under Section 149(4) read with Rule 4 of the Companies (Appointment & Qualification of Directors) Rules, 2014 hence, the question of obtaining of declaration from the Independent Directors does not arise during the financial year under review.

## 14) DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the Company for that period;

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) The Directors had prepared the annual accounts on a going concern basis; and

(v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 15) NUMBER OF MEETINGS OF THE BOARD:

6 (Six) Board Meetings were held during the Financial Year ended 31st March, 2022.

## 16) AUDIT COMMITTEE :

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

| SL. NO. | MEMBER |
|---|---|
| 1) | Managing Director of the Company |
| 2) | Principal Secretary / Secretary, Energy, GoCG |
| 3) | Principal Secretary / Secretary, Finance, GoCG |

As on 31st March, 2022, the Audit Committee of the Company was comprising the following directors:

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

The provision for constitution of Audit Committee is not applicable on your Company w.e.f. 1st April, 2021. Keeping in view the above provision, the Board of Directors of the Company, in its meeting held on 17th July, 2021, dismantled the Audit Committee of the Company.

**17) NOMINATION & REMUNERATION COMMITTEE:**

The Company does not fall within the purview of criteria prescribed under the Companies Act, 2013 for constitution of Nomination & Remuneration committee.

**18) CORPORATE SOCIAL RESPONSIBILITY (CSR) :**

The Company was required to constitute a CSR Committee as per section 135 of the Companies Act, 2013 with at least one Independent Director. Since no Independent Directors were appointed by the Govt. of C.G., the Company could not comply with the above provision of the Companies Act, 2013. Further, the provisions for appointment of independent directors are not applicable on your Company w.e.f. 1st April, 2021

The Company was having average net loss during the immediately preceding three financial years i.e. 2020-21, 2019-20 and 2018-19. As a result, the Company was not required to spend any amount on CSR activity during the financial year 2021-22. The Report on CSR Activities for the financial year 2021-22 in compliance with Section 135 of the Companies Act, 2013 is annexed herewith as an **Annexure-'A'.**

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

**19) RISK MANAGEMENT:**

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

**20) STATUTORY AUDITOR:**

M/s Begani & Begani , Chartered Accountants, Raipur have been appointed as Statutory Auditor of the Company by the Comptroller and Auditor-General of India (CAG) for the financial year 2021-22.

## 21) REPORT/COMMENTS OF THE AUDITORS /CAG:

Observations of the Statutory Auditors along with Management's replies thereto on the Financial Statements of the Company for the financial year 2021-22 are enclosed herewith as **Annexure – "B".**

Further, the Comments of the Comptroller & Auditor General of India and Management's replies thereto on the Financial Statements of the Company for the financial year 2021-22 are enclosed herewith as **Annexure – "C".**

## 22) REPORTING OF FRAUD:

No fraud has been reported by the company during the FY 2021-22.

## 23) COST AUDITORS:

The Board of Directors of your Company, in its meeting held on 18th October 2019, has appointed M/s R.M. Bansal, Cost & Management Accountants, Bilaspur, as the Cost Auditor for audit of the Cost Accounting Records of your Company for the financial year 2021-22 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 2021-22 on 17.10.2022.

## 24) MAINTENANCE OF COST RECORDS:

Your Company is maintaining Cost Records of the product of the Company as prescribed by the Central Government under provision of Section 148(1) of the Companies Act, 2013.

## 25) INTERNAL AUDITOR:

As per the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Corporation is required to appoint Internal Auditor. The Board of Directors of the Company, in its meeting held on 12th March, 2021, has appointed the following person as Internal Auditors for the financial year 2021-22:

| S.No. | Name of Internal Auditor | Region |
|---|---|---|
| 1. | M/s APAS & Company | Raipur I & Jagdalpur |
| 2. | M/s Ajay Sindhwani & Company | Raipur Rural & Raigarh |
| 3. | M/s Minesh Anand & Associates | Durg & Rajnandgaon |
| 4. | M/s Pruthi & Company | Bilaspur & Ambikapur |

**26) SECRETARIAL AUDIT:**

Your Company has appointed M/s S.G. Kankani & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year 2021-22 for conducting Secretarial Audit in pursuance of the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report for the F.Y. 2021-22 furnished by M/s S.G. Kankani & Associates, Company Secretaries, Secretarial Auditor of the Company is enclosed herewith as **Annexure – "D".**

Further, the observations of the Secretarial Auditor along with Management's replies thereto for the financial year 2021-22 are enclosed herewith as **Annexure – "E"**.

**27) COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:**

During the year under review, the company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

**28) ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

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

**29) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

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

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

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

**31) TRANSACTIONS WITH RELATED PARTIES:**

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

**32) MATERIAL CHANGES AND COMMITMENTS:**

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

## 33) SIGNIFICANT AND MATERIAL ORDERS:

During the year under review, the Company has filed petition before the Regional Director, North Western Region for Compounding of Offence u/s 441 of the Companies Act, 2013 for delay in filing the Cost Audit Report for the Financial Year 2014-15 to 2018-19. In response to the above petition, the Regional Director, North Western Region has imposed Compounding fee of Rs. 2,50,000/, per applicant against application filed by M/s Chhattisgarh State Power Distribution Company Limited. The Company has duly paid the above Compounding fees. Except the above, no significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company.

## 34) 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

<table>
<tr>
<td>(i)</td>
<td>The steps taken or impact on conservation of energy</td>
<td>
➢ The T&D and AT&C losses are as below:<br>
➢
<table>
<tr><th>YEAR</th><th>DISTRIBUTION LOSS</th><th>AT&C LOSS</th></tr>
<tr><td>2017-18</td><td>18.08</td><td>18.83</td></tr>
<tr><td>2018-19</td><td>16.06</td><td>19.84</td></tr>
<tr><td>2019-20</td><td>16.91</td><td>16.84</td></tr>
<tr><td>2020-21</td><td>17.31</td><td>23.14</td></tr>
<tr><td>2021-22</td><td>18.13</td><td>17.52</td></tr>
</table>
➢ Laying of LT-AB cable in theft prone areas: To prevent the direct theft through hooking the program to replace the bare conductor by LT-AB cable is in progress.<br><br>
➢ CSPDCL is now purchasing Distribution transformers of Energy Efficiency level-II for installation under DDUGJY Scheme to reduce technical losses of DT's.<br><br>
➢ Segregation of agriculture pump feeders has been initiated to reduce the T&D losses and to regulate the supply hours and to curtail the peak load (Flatten the load curve) due to irrigation pump load.
</td>
</tr>
</table>

- CSPDCL is under implementation of Smart Metering for precise reading without manual intervention under RDSS.
- PAT Cycle-II has been implemented for conservation of energy in CSPDCL. The mandatory compliances has been completed and reported to BEE in due time.
- **Vigilance and O&M checking**: To reduce the commercial loss, CSPDCL has created special vigilance checking cell in 18 circles & 01 HT checking cell to curb theft and other irregularities (Mal practice). Details of category wise checking of connection during 2021-22 are tabulated here under:-

| | |
|---|---|
| No. of Direct theft detected during the Year | 4790 |
| No. of Mal practice cases observed during the Year | 11160 |
| Amount billed Rs. in Lacs during the Year | 5195.68 |
| No. of FIR lodged/Information given to police during the Year | 566 |
| No. of cases put up to special court during the Year | 98 |

(ii) The steps taken by the company for utilizing alternate sources of energy

Company follows the RPO (Renewable Purchase Obligation) as per guideline issued by CSERC time to time. CSPDCL has purchased Renewable energy during FY 2021-22 against the target decided by CSERC which is tabulated as below:-

| S. No. | Particular | | Obligation as per CSERC Regulation | | | Achievement | |
|---|---|---|---|---|---|---|---|
| | | | Total consumption (LV,HV plus EHV sales in MU | RPO target in % | RPO target in MU | Unit Purchased in MU | Achievement in % |
| 1 | Solar | | 25745.07 | 10.50 % | 2703.23 | 1002.57 | 3.89% |
| 2 | Non-Solar | HPO | | 0.18 % | 46.34 | 341.84 | 1.33% |
| | | Others | | 10.50 % | 2703.23 | 1198.28 | 4.65% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | Total | | 21.18 % | 5452.81 | 2542.69 | 9.88% |

| | | |
|---|---|---|
| (iii) | the capital investment on energy conservation equipment's | Rs. 2,20,30,54,729.36/-<br>(Procurement of energy efficient level 1- BIS certified star rated distribution transformers) |

**b) Technology absorption**

| | | |
|---|---|---|
| (i) | the efforts made towards technology absorption | • Photo Spot Billing has been initiated for improvement of billing efficiency.<br>• CSPDCL is under implementation of Smart Metering for precise reading without manual intervention. |
| (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

## 35) EXTRACT OF ANNUAL RETURN:

The Annual Return of the Company for the financial year ended 31st March, 2022 is available at the website of the Company https://cspdcl.co.in/cseb/frmInvestor.aspx?var=5

## 36) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has formed an internal complaint committee for Head Quarter offices and also issued necessary instructions to all field offices for constitution of internal complaint committees at Regional/Circle/Division/Sub-Division/Zone/DC offices. No case has been registered under the above act during the financial year 2021-22 under "Sexual Harassement of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and two cases registered in financial year 2020-21 is under process.

## 37) PARTICULARS OF EMPLOYEES :

The information required pursuant to Section 197 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company & the Statement showing the names and other particulars of the employees of the company as required under Rule 5 (2 & 3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as below:

| No. | Name of Officer | Designation | Gross Salary | Nature of Employment(Contractual/Permanent) | Qualification | Experience | Date of Commencement of Empl-oyment | Age | Last Employment held | % of Shares Held in the company | Whether Relative of any Director/ Manager |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | A.P. SINGH | Executive Director | 43,33,147 | PERMANENT | B.E. (ELE.) | 37 | 21.07.1985 | 63 | - | 0 | No |
| 2 | Hari Prasad Mangipudi | Executive Director | 41,46,072 | PERMANENT | B.E. (ELE.) | 39 | 06.04.1983 | 63 | - | 0 | No |
| 3 | N L Sahu | ADDL. C.E. | 41,35,110 | PERMANENT | B.E. (ELE.) | 36 | 22.01.1987 | 62 | - | 0 | No |
| 4 | Y B Jain | GM (F&A) | 41,04,739 | PERMANENT | B.E. (ELE.) LLB | 36 | 27.01.1987 | 60 | - | 0 | No |
| 5 | A.K. Gauraha | S.E. | 39,10,328 | PERMANENT | B.E. (ELE.) | 33 | 27.04.1990 | 61 | - | 0 | No |
| 6 | CHANDRA SHEKHAR SINGH | Executive Director | 38,50,233 | PERMANENT | B.E. (ELE.) | 39 | 23.07.1984 | 62 | - | 0 | No |
| 7 | Avinash Sonkar | ADDL. C.E. | 38,45,111 | PERMANENT | B.E.(EEE) | 35 | 18.06.1988 | 61 | - | 0 | No |
| 8 | Madhukar Jamulkar | CHIEF ENGR. | 37,31,379 | PERMANENT | B.E.(ELC) | 30 | 07.09.1992 | 56 | - | 0 | No |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 9 | S.K. VERMA | ADDL. C.E. | 36,98,802 | PERMANENT | B.E. (ELE) | 36 | 22.01.1987 | 60 | - | 0 | No |
| 10 | Rajendra Kumar Mishra | S.E. | 36,91,952 | PERMANENT | B.E. (ELE) | 30 | 01.09.1992 | 56 | - | 0 | No |

## 38) 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. 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. Company strongly believes in achieving organizational excellence through human resource and follows "People First" approach to leverage the potential of its employees to fulfill its business plan.

## 39) INDUSTRIAL RELATIONS:

For the financial year 2021-22, Industrial relations in the CS Power Companies continued to be cordial and harmonious during the year. The matter pertaining to Industrial Relations/Trade Unions, various employees related issue and grievances, Non contributory insurance, Labour Court Cases and implementation of labour laws of all the three companies were taken up by the department. The overall industrial relations was peaceful governed by harmony and mutual trust.

## 40) 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 03 Departmental OPD dispensaries to nurture their employees. In addition to departmental dispensary facility, CSPDCL has tie-up with other Govt./Private recognized & reputed state/inter-state 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. Employees get the reward/honors for their splendid job by the top management at the time of national festivals.

## 41) VIGILANCE MECHANISM:

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

## 42) 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**

**PLACE: RAIPUR (C. G.)**
**DATE:-08.07.2023**

**(ANKIT ANAND)**
**CHAIRMAN**
**DIN: 07415193**

## ANNEXURE – 'A'

## ANNUAL REPORT ON CSR ACTIVITIES

| | | |
|---|---|---|
| 1. | Brief outline on CSR Policy of the Company | The Company was required to constitute a CSR Committee as per section 135 of the Companies Act, 2013 with at least one Independent Director. Since no Independent Directors were appointed by the Govt. of C.G., the Company could not comply with the above provision of the Companies Act, 2013 during the Financial Year 2021-22.<br><br>Further, as per ther newly inserted provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent by a company under Section 135(5) does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable w.e.f. 22.01.2021 and the functions of CSR Committee provided under the Companies Act 2013 shall be discharged by the Board of Directors of Company. Since, the Company was having average net loss during the immediately preceding three financial years. Accordingly, the Company was not required to constitute a CSR Committee as per section 135 of the Companies Act, 2013. |
| 2. | Composition of CSR Committee | |
| 3. | Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. | Not Applicable |
| 4. | Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable. | Not Applicable |
| 5. | (a) Average net profit of the company as per section 135(5). | Nil (Negative figure) |
| | (b) Two percent of average net profit of the company as per section 135(5) | Nil |

<table>
<tr><td></td><td>(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.</td><td>Nil</td></tr>
<tr><td></td><td>(d) Amount required to be set off for the financial year, if any</td><td>Nil</td></tr>
<tr><td></td><td>(e) Total CSR obligation for the financial year (5b+5c+5d).</td><td>Nil</td></tr>
<tr><td>6.</td><td>(a) Amount spent in CSR projects (both ongoing projects and other than ongoing projects)</td><td>Not Applicable</td></tr>
<tr><td></td><td>(b) Amount spent in Administrative Overheads</td><td>-</td></tr>
<tr><td></td><td>(c) Amount spent on Impact Assessment, if applicable</td><td>-</td></tr>
<tr><td></td><td>(d) Total amount spent for the Financial Year (6a+6b+6c)</td><td>Not Applicable</td></tr>
<tr><td></td><td>(e) CSR Amount spent or unspent for the financial year</td><td>As Per Annexure "III"</td></tr>
<tr><td></td><td>(f) Excess amount for set off, if any</td><td>
<table>
<tr><th>Sl. No.</th><th>Particular</th><th>Amount (in Rs.)</th></tr>
<tr><td>(i)</td><td>Two percent of average net profit of the company as per section 135(5)</td><td rowspan="5">Nil</td></tr>
<tr><td>(ii)</td><td>Total amount spent for the Financial Year</td></tr>
<tr><td>(iii)</td><td>Excess amount spent for the financial year [(ii)-(i)]</td></tr>
<tr><td>(iv)</td><td>Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any</td></tr>
<tr><td>(v)</td><td>Amount available for set off in succeeding financial years [(iii)-(iv)]</td></tr>
</table>
</td></tr>
<tr><td>7.</td><td>Details of Unsepnt CSR Amount for the preceeding three financial years</td><td>As Per Annexure "IV"</td></tr>
<tr><td>8.</td><td>Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:</td><td>No</td></tr>
</table>

| | | |
|---|---|---|
| | If Yes, enter the number of Capital assets created/ acquired | - |
| | Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: | Not Applicable |
| 9. | Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135. | Not Applicable |

## ANNEXURE – "I"
## COMPOSITION OF CSR COMMITTEE

| Sr. No. | Name of Director | Designation/Nature of Directorship | No. of meetings of CSR Committee held during the year | No. of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| Not Applicable | | | | |

## ANNEXURE – "II"
## DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|---|---|---|---|---|---|---|---|---|---|---|
| S. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No). | Location of the project. | Project duration. | Project duration. | Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs.). | Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/No). | Mode of Imple-Menta-Tion Through imple-Menting agency |
| | | | | State | Dist. | | | | | |
| **Not Applicable** | | | | | | | | | | |

## DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in Cr.) | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State | District. | | Name | Name | CSR registration number |
| **Not Applicable** | | | | | | | | | |

**DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR RELATING TO THE PRECEDING FINANCIAL YEAR(S):**

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project | Amount spent on the project in the reporting Financial Year | Cumulative amount spent at the end of reporting Financial Year | Status of the project - Completed /Ongoing. |
| Not Applicable | | | | | | | | |

## ANNEXURE – "III"
## CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR

| Total Amount Spent for the Financial Year. (in Cr.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| Not Applicable | | | | | |

## ANNEXURE – "IV"
## DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficiency, if any |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount (in Rs). | Date of transfer. | | |
| 1. | FY-1 | Not Applicable | | | | | | |
| 2. | FY-2 | | | | | | | |
| 3. | FY-3 | | | | | | | |
| | TOTAL | | | | | | | |

## ANNEXURE – "V"

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not Applicable | | | | | | | |

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**PLACE: RAIPUR (C. G.)**
**DATE:-08.07.2023**

**(ANKIT ANAND)**
**CHAIRMAN**
**DIN: 07415193**

**ANNEXURE – 'B' TO THE BOARD'S REPORT**
**MANAGEMENT REPLY**
**TO**
**STATUTORY AUDITORS COMMENTS THERETO**
**ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE F.Y. 2020-21**

<table>
<tr><th>PARTICULAR</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>AUDITORS REPORT</td><td></td></tr>
<tr><td>

**a) Irregularities in Procurement and Supply Process**

During the course of audit it was found that fedders Electric and Egineering Ltd.(M/s FEEL)(Formerly Known as Fedders LIoyd Corporation Ltd.) participated in Bid process of supply and eructation contract and awarded contract for the two division that is of durg and bilaspur the value of the contract were as follow:

| ORDER No. | Value | Division |
|---|---|---|
| 02-08/DDUGJY/Fedders LIoyd/PKG-15(DURG)/TS-07/Supply/6372 | 68,80,95,695/- | Durg |
| 02-08/DDUGJY/Fedders LIoyd/PKG-15(DURG)/TS-07/Erection/6373 | 24,11,29,774/- | Durg |
| **TOTAL (A)** | **92,92,25,469/-** | |
| 02-08/DDUGJY/Fedders LIoyd/PKG-14(BILASPUR)/TS-07/Supply/6370 | 149,97,49,341/- | Bilaspur |
| 02-08/DDUGJY/Fedders LIoyd/PKG-14(BILASPUR)/TS-07/Erection/6371 | 52,99,70,007/- | Bilaspur |
| **TOTAL (B)** | **202,97,19,348/-** | |
| **TOTAL VALUE OF WORK ORDERS (A+B)** | **295,89,44,817/-** | |

**DURG DIVISION**

The above mentioned contract for the durg division was awarded on 29.10.2016 (supply) and 31.12.2016 (erection) for which completion date was 28.04.2018. But due to poor/non performance of work by the contractor, CSPDCL has terminated the contract wide letter No.02-08/DDUGJY/FEEL/Termination of Contract/4227 dated 30.10.2018 with the condition that ***"firm is debarred for three(03) years for further business in CSPDCL from the date of issue of this letter"***

</td><td>

With regard to the contract of Durg amounting to Rs. 92.92 crore, the submission are as under:-

1 The company only invoked BG to the extent of outstanding mobilization advance and interest amounting to Rs. 11.05 crore (Advances) and 0.086 crore (Interest) as per the terms/purpose of BG.

2. The company has recovered LD (Liquidated Damages) amounting to Rs. 10.78 Lac from the invoices of vendor and balance LD of Rs. 4.56 crore has been recovered through encashment of performance Bank Guarantee. Hence total LD of Rs. 4.67 crore (5% of Contract Value) has been fully recovered, Auditor's statement that no LD is recovered is not correct.

3. All the information and explanation has been provided to the auditor during the course of audit

</td></tr>
</table>

| | |
|---|---|
| Further the company also invoked the contract performance bank guarantee for Rs 9,35,46,166/- in full. The BG Submitted against the mobilization advance is Rs. 13,64,01,548/- against which 11,14,13,946/- has been invoked. Reason and details for not invoking the full bank guarantee against the mobilization advance has not been provided to us.<br><br>Further as per the Clause 10.1 of the work order the Liquidated damages(L.D.) should have been collected from the contractor for delay completion of the work which is 0.50% per week or part of the week (26 week delay till the date of termination of contract) or 5% of the total contract value whichever is lower. No details of recovery of said L.D. has been produced before us for our verification.<br><br>Further what was the final settlement against the above mentioned terminated contract has also not been provided to us for our verification. | and physical visit to the concerned office.<br><br>4. The Company (CSPDCL) after termination of unexecuted portion of M/s FEEL's contract, valuing Rs. 48.27 crore (including taxes) awarded a new contract for unexecuted portion to other contractors for contract value of Rs. 40.02 crore (including taxes) which resulted in saving of Rs.8.25 Cr. |
| **BILASPUR DIVISION**<br><br>The above mentioned contract for the bilaspur division was awarded on 31.12.2016 (supply and erection) for which completion date was 28.04.2018 (i.e. 16 month from the date of work order). Details of irregularities were as below:<br><br>➢ **Non termination of Contract**<br>The party has been assigned the work order for the durg division also which was terminated on 30.10.2018 due to non/poor performance of the work with condition ***"firm is debarred for three(03) years for further business in CSPDCL from the date of issue of this letter"*** than also the contract was not terminated by the company.<br><br>Further in clause no. 16 of the work order it is given that as per the clause 35 & 36 of Vol-I, Sec-IV (GCC) of bid Document, ***"the award of two separate contracts shall not in any way dilute the responsibility of the contractor for the successful completion of the facilities as per specification and breach in one contract shall automatically be construed as breach of other contract(s) which will confer a right on the employer to terminate the other contract(s) also at the risk and cost of the contractor"***. | 1. As per the clause 10.1, the employer may consider the termination of contract once full amount of LD on delay in project execution is reached. Use of the word "may consider" gives the employer an option to terminate but does not bind the employer to necessarily terminate the contract. The decision to terminate the contract also involves many other consideration including financial and time implications. In any case, project required to be completed before 31.03.2021(revised final date) to get benefit of government grant. Looking to this timeline, Company did |

| | |
|---|---|
| The contractor was already terminated from the contract of the durg division & the company should have followed the work order condition and should terminate the contract. | not find any merit in cancellation of contract. |
| **Further in clause no. 10.1 of the work order it is given once the maximum amount of liquidate damages (LD) is reached, the employer may consider the termination of the contract.** As per the note sheet of the company produced before us for, the maximum LD dues on 07/07/2018 which can be imposed is Rs.10,21,71,274/- and in the note sheet at point No. 663 it was ordered to be recovered LD from the contractor before 08/03/2019. But in the same note sheet at point No. 664 only Rs. 6,00,000/- has been recovered by this date of 08.03.2019. | 2. The company has recovered LD (Liquidated Damages) amounting to Rs. 6 Lac from the invoices of vendor and Rs. 10.15 crore have been recovered through encashment of performance Bank Guarantee. Hence total LD of Rs. 10.21 crore (5% of Contract Value) has been recovered, Thus the auditor's statement that no LD is recovered is not correct. |
| **As per the 36.2 of Vol-I, Sec-IV (GCC) termination of contract may be done on the following default by the contractor:**<br>• If the contractor become bankrupt or insolvent, has receiving order issued against it compounds with creditors, or, if the contractor is a corporation, a resolution is passed or order is made for its winding up(other than a voluntary liquidation for the purposes of amalgamation or reconstruction), a receiver is appointed over any part of its undertaking or assets, or if the contractor takes or suffer any other analogus action in consequence of debt.<br>**The contractors Insolvency Commencement date is 14.08.2019(Order uploaded at NCLT Website on 16.08.2019) as per the FORM G downloaded from Insolvency and Bankruptcy Board of india.**<br>• If the contractor fails to achieve mutually agreed deadline (as set in mutually agreed project execution plan/pert chart) for consecutive 3 months, employer shall issue contract termination notice giving suitable time to contractor which may be up to time agreed between | 3. As per clause, in case of delay notice is to be given and suitable time is to be given for completion of contract. This time has to be mutually agreed. Further if the conditions, including field condition, as well as financial interest of owner so warrants, the timeframe can be further extended with mutual agreement, with or without imposition of LD if condition so warrants. As the project was so big and had reached midway and was to be executed within a definite timeline (extended up to 31.12.2021) beyond which Government of India grant |

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| employer and contractor. In case, contractor does not improve its performance per contract termination notice which shall be within overall plan under mutually agreed project execution plan, employer will terminate the contract and encash performance securities.<br><br>**The contractor's completion date for contract is 30.06.2018 but the actual date of completion was 31/12/2021 which is almost 3 years and 6 month delay. Details for delay in completion of contract was not produced before us and reason why the contract has not been terminated has not been explained to us.**<br><br>**OTHER IRREGUALERTIES**<br><br>**i. SUBCONTRACTING**<br>Two tripartite agreements have been entered by CSPDCL i.e. First between M/s Feel, Shristi construction( lead partner in joint venture between Shristi construction, Shri Shyam Vidhyut and A K Construction) and CSPDCL (First Tripartite Agreement) & Second between M/s Feel, M/s Ramgopal Somani and CSPDCL (Second Tripartite Agreement) for the bilaspur division work on 08th day of march,2019. **As per the 1 of Vol-I, Sec-IV (GCC) PQR of the participating bidders** the bids may also be submitted by joint venture firms at the time of Tender participation but it does not say that the sub contract can be made to the joint venture firm after the bidding process is complete but still the First Tripartite Agreement has been done with joint venture firm. **As per the 15 of Vol-I, Sec-IV (GCC) sub-contracting, Field execution of contract shall not be sub contracted without written permission of the employer. On case to case basis, if employer gets satisfied with, permission for sub - contracting entire or part project execution work may be permitted (level-1). However further subletting of field execution works by sub contractor(level-2) shall not be acceptable by the employer.** Party to first Tripartite Agreement M/s Shristi construction comes with two other | would not have been admissible, extension was granted<br><br>4. In this case, as admitted by Statutory Auditor also, sub-contracting is permitted. There is no mandatory clause in sub-contracting that it would be permissible only to an individual firm or a joint venture. Further as regard verification of full capabilities of such subcontractor for independent execution of contract, the same was not required as the onus of completing the job and the risk still remains on main contractor.<br><br>As regards observation of Auditor regarding direct payment to subcontractor, the direct payment was released to subcontractor as per assignment of bills by main Contractor in favor of subcontractor as per tripartite agreement dated 8th March.2019. The bills were signed by main contractor only. Assignment of bills is general trade practice, admissible under law. |

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| firms M/s Shri Shyam Vidhyut And A K Construction and forms a Joint venture to get the work. Further no details have been provided whether the parties coming for joint venture who have been awarded the contract are individually or jointly are capable for performing the contracts as no fresh tender has been recalled.<br><br>After execution of JV Agreement the payments of the contract were directly made to the subcontractors i.e. M/s Shristi construction & M/s Ramgopal Somani while the billing is still done by main contractor i.e. M/s Feel.<br><br>**ii. TAX AND DUTIES**<br><br>**As per clause 8 of the work order all the prices mentioned in various schedules of the firm and inclusive of all taxes viz. custom duties and levies, duties, sale tax/vat, octori/entry tax etc as offered by you. However, you have to submit documentary proof regarding payment of taxes to concerned department along with the bills. If any discrepancy is observed, the amount of taxes will be held up while clearing the bill and will be reimbursed as per the prevailing rules on production of documentary evidence.** The GST No. 22AAACF0437B1ZK issued to fedders LLyod Corporation Limited on 01/07/2017 was canceled suomoto on 03/07/2017, the company has only filed return for the month of july 2017 and after that no return has been filed in this GST no. This shows that the contractor has not deposited the GST amount that has been collected by the contractor on the invoice issued to the CSPDCL containing the mentioned GST No. The company continuously made the payment to contractor by overriding the clause 08 of the work contract. Further the contractor has taken a fresh registration on 05/10/2020 with GST No. 22AAACF0437B2ZKJ but whether the GST amount collected from CSPDCL on the mentioned number has been deposited or not, we are unable to comment on this due to lack of documentary evidences/informations provided to us by the management. | <br><br><br><br><br><br><br><br>The contract was awarded in pre GST era. As per GST Act, there was on binding on the Company to check validity of vendor's registration each and every time the payment is made. Tax payment are made in good faith and it is not feasible to check validity of registration every time where huge number of transactions are involved, Further the company does not claim any input credit of the amount so paid to vendor, as, the sale of Electricity does not come within the ambit of "Supply" under the Act. Hence, it was not practically feasible for the company to check one to one invoices through GST filing details of the vendor. |

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**b) Fixed Assets**

**(i) Capitalization of Asset**

As per our observation and explanation provided by the respective official, assets of the company are being capitalized from the date they are being posted instead of actual date of capitalization as mentioned in capitalization certificate of respective asset, which is not in accordance with IND AS- 16 "Property plant and equipment". As a result of which, record of assets capitalized during the year and depreciation thereon is not presented correctly in the books of accounts.

The Capital WIP of Rs.2,27,583.01/-Lakhs as on 31st March, 2022 include Various head of Capital WIP which has not been capitalized since very long period and needs to be impaired in our opinion. Management should recognize those additions and account for the impairment losses, if any. However, we are unable to obtain sufficient and appropriate information regarding the same to determine impairment loss as required by Ind AS 36. Further we would like to mention some instances of Capital WIP which is pending for capitalization from long time:

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<td>The same has been noted and necessary instruction has been issued to field office regarding posting of assets in SAP on the date mentioned in the capitalization certificate of respective assets.</td>
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| G.L Code | Name of Account | RAO | Amount |
|---|---|---|---|
| A076150 | CWIP-Building Other | 31,45 | 23,46,257.73 |
| A076201 | CWIP Bldg Ther Plant | 31,45 | 2,18,713.07 |
| A076220 | CWIP Bldg Hy Plant | 45,51 | 97,746.32 |
| A076230 | CWIP-Bldg Trans | 31,33,51,95 | 1,05,63,412.57 |
| A076240 | CWIP-Bldg Dist | 51 | 2,39,64,513.48 |
| A076250 | CWIP Office Building | 35,37,45,95 | 6,58,40,667.26 |
| A076260 | CWIP Other Buildings | 31,37,45,51 | 7,31,21,206.93 |
| A076310 | CWIP-Kucha Pucca Rd | 37,45,51 | 5,76,24,160.80 |
| A076311 | CWIP Well,Wall,Cana | 31,33,37,51,93 | 14,55,65,973.32 |
| A076325 | CWIP Miscellaneous w | 54 | 8,32,156.85 |
| A076470 | CWIP Hydel Works | 31,35,37,45,54 , 95 | 28,29,03,680.44 |
| A076510 | CWIP Instr & Control | 31,33,51 | 4,88,53,256.32 |
| A076520 | CWIP Boil Pl & Equip | 33,51,54,95 | 1,42,16,639.41 |
| A076525 | CWIP Loco & Wagons | 51,53, | 77,65,266.96 |

</td>
<td>These are old estimates many of them pertaining to prior SAP era, process of identifying the same and capitalizing the same being carried by the concern RAO. However, the process is time taking and due to non-availability of readymade information the process is very slow.<br>Further, company during the year under consideration has capitalized assets amounting to Rs. 1802 Crore which contained the long outstanding CWIP and the process is continued in FY 22-23 where more than Rs. 1100 Crore assets has already been capitalized.</td>
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| | | | |
|---|---|---|---|
| A076540 | CWIP SS Xmer >100 Kv | 93,95 | 1,34,39,52,234.69 |
| A076550 | CWIP Mat Hand Equip | 45,51,93 | 24,39,391.95 |
| A076560 | CWIP Switchgears | 31,33 | 70,78,868.72 |
| A076562 | CWIP Comm Equip | 35,37,45,51 | 68,23,151.06 |
| A076564 | CWIP AC Plant | 51,53,54 | 4,68,49,098.29 |
| A076566 | CWIP Stati Mac Tools | 31,35,45,54 | 33,80,715.87 |
| A076570 | CWIP Mtr Tst Tools | 31,54,95 | 44,78,573.41 |
| A076610 | CWIP OH Line > 66 Kv | 93,95 | 1,12,16,01,486.99 |
| A076620 | CWIP Undg Cables | 31,33,45,54 | 83,98,960.62 |
| A076622 | CWIP-33 KV UG Line t | 53 | 1,86,275.52 |
| A076623 | CWIP-11 KV UG Line t | 54 | 12,39,390.78 |
| A076624 | CWIP-LT UG Line thro | 45,93 | 34,620.41 |
| A076630 | CWIP Internal Wiring | 95 | 56,000.00 |
| A076821 | CWIPSCADA Equipments | 51 | 8,59,05,925.67 |
| A076823 | CWIP-Servers | 33,37 | 26,23,784.59 |
| **Total** | | | **3,36,89,62,130.03** |

During the course of audit, it was found that under the below mentioned heads excess capitalization amounting Rs. 31,240.78 lakhs has been done which resulted in credit balances under the head capital WIP:

| G.L Code | Name of Account | RAO | Excess Capitalised |
|---|---|---|---|
| A076150 | CWIP-Building Other | 93 | 28,47,506.99 |
| A076201 | CWIP Bldg Ther Plant | 53 | 1,20,013.07 |
| A076220 | CWIP Bldg Hy Plant | 93 | 97,746.32 |
| A076230 | CWIP-Bldg Trans | 35,37,53 | 39,53,58,601.47 |
| A076240 | CWIP-Bldg Dist | 93 | 3,56,30,849.66 |
| A076250 | CWIP Office Building | 93 | 18,97,97,580.02 |
| A076260 | CWIP Other Buildings | 53,54,93 | 7,31,57,091.66 |
| A076310 | CWIP-Kucha Pucca Rd | 93 | 5,76,24,160.80 |

The matter has been referred to EITC as to how excess capitalization has been done resulting in credit balance in CWIP. However, overall CWIP is having a debit balance. The credit is showing in some GL code which is due to migration effect. The company is under process to resolve the same.

| | | | | |
|---|---|---|---|---|
| A076311 | CWIP Well,Wall,Cana | 45,54 | 14,49,70,462.04 | |
| A076510 | CWIP Instr & Control | 45,93 | 3,04,79,099.49 | |
| A076520 | CWIP Boil Pl & Equip | 93,93 | 1,36,59,886.82 | |
| A076525 | CWIP Loco & Wagons | 93 | 77,65,266.96 | |
| A076530 | CWIP Pl Xmers >100Kv | 54,93 | 55,57,76,316.94 | |
| A076540 | CWIP SS Xmer >100 Kv | 33,51 | 95,00,25,177.97 | |
| A076541 | CWIP-Distribution tr | 93 | 1,38,99,652.97 | |
| A076542 | CWIP-33/11 KV Substa | 93 | 2,69,36,739.31 | |
| A076550 | CWIP Mat Hand Equip | 37 | 25,52,946.07 | |
| A076560 | CWIP Switchgears | 93 | 1,46,26,135.36 | |
| A076562 | CWIP Comm Equip | 33,93 | 66,25,035.28 | |
| A076564 | CWIP AC Plant | 45,93 | 2,46,53,409.69 | |
| A076566 | CWIP Stati Mac Tools | 93 | 13,23,843.32 | |
| A076570 | CWIP Mtr Tst Tools | 93 | 31,79,53,065.02 | |
| A076614 | CWIP-33 kv OH Line t | 93 | 44,39,949.00 | |
| A076616 | CWIP-11 KV OH Line t | 93 | 76,42,168.29 | |
| A076617 | CWIP-11 KV OH Line t | 33,54 | 28,160.15 | |
| A076618 | CWIP-LT OH Line thro | 93 | 45,65,957.20 | |
| A076619 | CWIP_LT OH Line thro | 93 | 1,27,46,344.66 | |
| A076620 | CWIP Undg Cables | 53,93 | 3,19,49,451.61 | |
| A076622 | CWIP-33 KV UG Line t | 33,93 | 1,86,275.53 | |
| A076623 | CWIP-11 KV UG Line t | 33,45,51 | 1,03,126.19 | |

| | | | |
|---|---|---|---|
| A076630 | CWIP Internal Wiring | 33 | 1,89,42,505.57 |
| A076631 | CWIP- Metering Equip | 93 | 17,75,93,956.15 |
| **Total** | | | **3,12,40,78,481.58** |

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| Further, interest amounting Rs. 10,15,64,947.42/- has been capitalized during the year. As per the document produced before us we found that interest relating to only those assets has been capitalized which are being shown under the head work in progress at the end of the financial year. No amount of interest has been transferred to the respective assets which have been capitalized during the year from the head capital WIP. This has resulted in understatement of capital work in progress and overstatement of expenses to that extent.<br>Further, in Note No.4A the aging of capital WIP has been given for which no detail working has been provided to us how the age of capital WIP has been determine further in above point we have highlighted that there is various head in capital WIP which is pending for capitalization since very long time but there is Nil reported in Note No. 4A for the capital WIP pending for capitalization for more than 3years. | The auditor's comments represent the factual position; the company had formed a committee to assess the impairment loss incurred if any. Further the committee is in the process of collecting information from various field offices. Report from committee on impairment of Assets if any is awaited. |
| **<u>Impairment of Assets</u>**<br>The Company has stated in Para of 'Significant Accounting Policies' (Note 2.9.2 to Financial Statements)that the impairment loss is charged to Statement of Profit and loss in the year in which an asset is identified as impaired as per Ind AS 36. The company has formed a committee to assess the impairment loss incurred if any, the committee is in the process of collecting information from the various field offices, for which various asset wise formats have been circulated to the field office for providing information. 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 committee has tried to gather information from the field offices during the years, but the required information could not be gather despite of various reminder. |
| **c) <u>Current Assets</u>** | |
| **<u>(i). Cash System of Accounting for Surcharge</u>**<br>Company has adopted Cash System of accounting for delay payment surcharge from Indian Railways, Rental from Staff Quarters, Liquidated Damages and Warranty Claims, which, in our opinion, is not in accordance | The company has been consistently accounting for delay payment of surcharge from Indian Railways on cash system basis, as the amount |

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| with the accrual concept; the same should be recognized to curb the uncertainty. | of surcharge to be collected from Indian Railway is under dispute and the chances of collection is remote therefore the same is being accounted for on cash basis. Further accounting for surcharge on mercantile basis would inflate the profit or reduce the losses, whereas the chance of getting it materializing is very remote. It is also be mention here that appropriate disclosure in accounting policies is being made in this regard. |
| **(ii). <u>Trade Receivables</u>**<br>❖ As per explanations provided to us by the management "CSPDCL HT for Rectification" (BP No. - 1024240) is a dummy customer account created for Rectification entries only which should be reconciled and no closing balance should remain in this account, but credit balance amounting toRs.434.21/- crores is still pending for clearance since 31.03.2017. | The data regarding income are migrated from Billing Module to Fico module and no entry relating to income which are to be routed through the billing module could be made directly in the Fico module. Therefore, when the reversal of surcharge for Railway consumer was required to be made in the fico module, a dummy B.P. was created by EITC as a solution in which the amount of surcharge to be reversed was booked. |
| ❖ Debtors amounting to<br>➢ During the course of audit, it was found that there were inactive accounts of HT Consumer Rs.97.4/- crores are outstanding for more than One year for which no security deposit is held with CSPDCL. Out of mentioned amount, No Provision for Expected Credit Losses has been made during the year. | The company has made an overall provision of Rs. 556 Crores under provision for bad & doubt full debts on the basis of information received form Revenue department & amount received at the time of reorganization of erstwhile CSEB which |

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| | sufficiently cover the company with respect to provision of Expected Credit Losses. |
| ➢ Rs.1,265.48/- Crores (Rs.686.32 Crores pending since more than 3 years andRs.579.16/- crores pending since less than 3years) are outstanding from the debtors from whom no recovery has been made (Major BP No. showing active status). From the above outstanding debtors, company have security deposit of Rs.95.52Crores on which the company is giving interest to the active customers which leads to revenue leakage as the customers were not paying their outstanding liability but the company is allowing interest on their deposit and also the company has not made any provision for doubtful debts, due to which the balances of trade receivable is over stated to such extent. | The payment of interest on Security Deposit of consumer has been credited to the consumer account as be CSREC regulation. The credit of interest on Security deposit has to be passed on to the consumers account irrespective of whether the consumer has paid his dues or not.Further the interest is not paid to the consumer in cash but is adjusted with the unpaid dues. Thus there is no revenue leakage as such mentioned by the Auditor in his report |
| ➢ During the Course of Audit, we found that an amount of Rs.106.39 Crores under the head Dues Perm Disc Cons (GL Code A100212) which is shown under sundry debtors as receivable since 2013. No proper explanation has been provided for the same. | These are old migration entries and the company is in the process of reconciling the same. |
| ➢ Further, in Note No.11 the aging of Trade Receivable has been given for which no detail working has been provided to us how the age of Trade Receivable has been determine further in above point we have highlighted that there is various parties in Trade Receivable which is pending for Realization since very long time but there is Rs.55,5571.50/- Lakhs reported in Note No. 11 for the Trade Receivable pending for Realization for more than 3years. | The methodology adopted for calculation of aging of Trade Receivable was explained to the Auditors during the course of audit. |

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| ❖ Chhattisgarh State Power Distribution Company Limited has installed machines for collection of bills and other charges at various locations. As explained to us the amount collected through this machines are first Parked at GL A/c No.A100308 named "ATM.ATP.INT Clearing"(grouped under cash and bank balance) and there after the same is being transferred to respective heads of accounts. At the year end the mentioned account is having credit balance (Net) of Rs. 18.64/-Crores for which no details/reconciliation has been produced before us. | The Company is in the process of reconciling the same. |
| ❖ The company has received excess subsidy amounting to Rs.28.37/- crore from state government related to state Govt. 400 unit and Rs. 19.96/- crore from state government related to Ekal Batti Connection which has been netted under the head sundry debtor instead of classifying it under the liability due to which sundry debtor is under stated and the liability is under stated to that extent. Furthermore The company has also grouped the state government 400 unit ledger(GL A/c Code A100613) having Credit Balance amounting to Rs. 575.61/- crore under the head sundry debtor instead of classifying it under the liability due to which sundry debtor is under stated and the liability is under stated. | All the amount receivable from the State Government on account of free supply of electricity to Agricultural pumps, BPL consumers, subsidized electricity to Steel industries, concessional rate up to 400 units has been shown under the head trade receivable under "Note-11; Trade Receivable" in the balance sheet. As the State Government is treated as single debtor the amount is netted off and the net amount, debit or credit, is shown in the Balance Sheet instead for depicting under number of individual heads for sake of simplicity. There are huge debtors apart from State Government and depicting head wise amount against each debtor is not feasible. |
| ❖ Furthermore, during the course of audit it was observed that under trade receivable there were some parties which were having credit balances, instead of showing these parties under the head Current Liabilities the same has been netted off with the balance of trade receivable due to which the current Liability has been understated. List of accounts having credit balances are follows : | The same shall be taken care in coming years. |

| SAP Code | G/L account text | Closing Balance |
|---|---|---|
| A100214 | Dues-Left Out DC | 2,55,701.10/- |
| A100216 | Adjust Coal - Energy | 7,56,136.56/- |
| A100290 | Prov-doubtful debt | 5,55,71,50,461.76/- |
| A100602 | S/Dr Agri Utth Yojna | 88,72,50,84,166.25/- |
| A100603 | Free El. One Batti | 10,25,85,12,886.84/- |
| A100613 | State govt 400 unit | 5,75,60,54,178.13/- |
| A100616 | Steel subsidy St. Go | 1,09,69,18,705.04/- |

❖ Ind AS 109 requires expected credit losses to be measured through a loss allowance for which the company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The company recognizes lifetime expected loss for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the lifetime expected credit losses if credit risk on financial assets has increased significantly since initial recognition. However, the company has not adopted the Fair Value approach as indicated in Ind AS 109 for valuation of Trade Receivables and has not provided any fair value disclosures as required.

However, the Company has not adopted the approach as indicated in Ind AS- 109 for valuation of trade receivables.

The company has already provided for Rs. 556 crores on account of allowance of Credit Losses. Which accounts to about almost 5.5% of the total trade receivable, which is much higher than the normative percentage allowed by the Hon'ble Commission.

**(iii) Bank Reconciliation Statements:**

❖ During the Course of our Audit we found that most of the Bank accounts maintained by the Company as on 31.03.2022 are not reconciled with balances at banks. There is a huge difference in Bank Balances as shown in our Books & Balances as mentioned in Bank Statements of respective Banks. No proper explanation as to why there are such differences has been provided to us by the management of the Company. Further to this, in Case of Reconciliations provided to us also there is a Difference in Bank Balances as mentioned in our software & Bank Balances taken while reconciling such Bank Accounts. Major Instances of difference in Banks are given below:

| GL Code | Bank Name | Account | RAO Name | Balance as per | Balance as per | Balance as per | Difference (A-B) |
|---|---|---|---|---|---|---|---|

The company is in the process of reconciling the balances of banks of the mentioned RAO's. Further the position has improved during the financial year 2021-22 and except some collection banks accounts reconciliation backlogs of all RAO's has been cleared. The contention of the Auditor is also not fair to the extent that there is difference between

| | | Number | | Cashbook (SAP) (A) | Statement | Statement (Reconciled) (B) | |
|---|---|---|---|---|---|---|---|
| A100401 | Coll & dep # SBI | 105641723 50 | 54 | -6,63,16,334.22 | 10,505.51 | -12,54,36,218.47 | 5,91,19,884.25 |
| A100401 | Coll & dep # SBI | 101027851 60 | 33 | 71,69,94,136.82 | 15,500.00 | 63,44,30,856.15 | 8,25,63,280.67 |
| A100422 | PNB Collection Accou | 58002100044864 | 33 | -43,27,07,282.07 | 10,000.00 | -29,97,83,238.79 | -13,29,24,043.28 |
| A100403 | Coll & dep # UBI | 619701010050112 | 33 | 2,82,63,467.93 | 1,15,65,411.11 | 14,97,44,403.80 | -12,14,80,935.87 |

Bank statement of the banks was not produced before us for our verification some of the major instances were given below:

**BANK STATEMENTS NOT PROVIDED TO US**

| GL CODE | GL ACCOUNT TEST | ACCOUNT NO. | BUS.AR | BALANCE AS PER SAP/ TB | Remarks |
|---|---|---|---|---|---|
| A100404 | Coll & depo. CGGBank | 77016339137 | 31 | -4,80,28,216.00 | **No details Provided to us for our verification** |
| A100438 | ICICI Bank | 18605004832 | 37 | - | |
| A100435 | Union Bank of India | 619401010050419 | 51 | 29,30,873.20 | |

the Bank Balance & balances as per the books of accounts as the basic purpose of preparing of bank reconciliation statement is to reconcile the difference between the balance of bank and books of accounts. Further there are circumstances which are beyond the control of the Company due to which there is difference between the bank and books balances for example there are many instance where cheques had been issued to the vendor but the same has not been produced by him to the bank, as a consequence there is difference between the balances of two records.

The major cause of difference between the balances of Bank in software (SAP) records and bank balances taken while preparation of reconciliation statement is due to non-reconciliation of balances at the time of uploading of opening balances in the SAP system at the time of bifurcation of MPEB & CSEB and further bifurcation of CSEB to various Power Companies. As there was no clear cut availability RAO wise data to be uploaded in the system

| | | | | |
|---|---|---|---|---|
| A100425 | CBI (Disburse) | **Not Available** | 31 | 61,268.99 |
| A100425 | CBI (Disburse) | **Not Available** | 80 | -3,03,72,485.00 |
| A100425 | CBI (Disburse) | **Not Available** | 93 | 3,03,72,485.00 |
| A100497 | Axis Bank BBPS Reven | **Not Available** | 93 | 1,19,32,810.00 |

specially bank balances. Further the earlier accounts where prepared after taking various manual entries in excel which were passed at the time of finalization of accounts but all the entries could not be passed in the SAP system due to restrictions of the system.

Further it is to be mentioned that the balances carried forwarded in the books of accounts has been consistently carried forwarded from year to year and in all the previous accounts there is no difference in the closing and opening figures.

Soft Copy of all the banks in operation in H.O & CAU were provided to the Statutory Auditors further as mentioned above there are various bank ledger code in SAP which are appearing due to wrong entries passed by the clerical staff therefore for such bank ledger no bank statement is available because as such no bank account is maintained in these banks, these incorrect entries are being identified and necessary correction entries are being passed to eliminate these bank

* As per the Bank Reconciliations provided to us, there are various "Cheques in Hand" /"Debited in Cash book but not credited in Bank" which are debited in books but not credited in Bank Statements for a long period of time. The same should be reversed and classified as Stale Cheques in books of account of the company. For instance,

| GL CODE | BANK NAME | ACCOUNT NO. | AMOUNT | AREA CODE | REMARKS |
|---|---|---|---|---|---|
| A100401 | SBI | 31734745789 | 20,03,93,459.770 | 53 | Pending since April 2019 to March 2022 |
| A100404 | CRGB | 77014174175 | 4,97,10,596.720 | 53 | Pending since April 2019 to March 2022 |
| A100403 | UBI | 54940100050420 | 72,84,824.410 | 54 | Pending since 04.10.2013 |
| A100401 | SBI | 10564172350 | 98,13,685.420 | 54 | Pending since 23.11.2016 |
| A100404 | CRGB | 77016339137 | 3,80,000.000 | 31 | Pending since 09.04.2019 |
| A100401 | SBI | 10563772165 & 30166690260 | 64,583.000 | 37 | Pending since 25.11.2020 |
| A100401 | SBI | 10102785160 | 91,63,90,759.980 | 33 | Pending since |

balances from the books of accounts.

It would be unjustified to say that all the cheques showing as "Cheques in hand" in Bank reconciliation statement are stale cheques as many cheques/amounts are also shown in the reconciliation statement as received in bank but not shown in cash book. Thus such amounts are appearing on both side of the reconciliation statements. i.e. received in cash book but not found in bank statement and also received in bank but not found in cash book. As these cheques were issued to various vendor but had not been encashed by them the same can be verified from the system.

| | | | | | |
|---|---|---|---|---|---|
| | | | | | 7.05.2009 |
| A100404 | CRGB | 77015042079 | 8,57,499.000 | 33 | Pending since 01.12.2015 |
| A100422 | PNB | 58002100044864 | 3,11,05,048.200 | 33 | Pending since 03.11.2009 |
| A100403 | UBI | 619701010050112 | 37,42,651.250 | 33 | Pending since 05.03.2015 |
| A100401 | SBI | 10822706358 | 2,16,700.000 | 51 | Pending since 01.11.2021 |
| A100403 | UBI | 554701010050455 | 9,52,96,564.000 | 35 | Pending since 31.03.2019 |
| A100422 | PNB | 2225002101005112 | 1,27,658.160 | 45 | Pending since 25.07.2019 |
| A100410 | SBI | 10102785159 | 6,211 | 33 | Pending since 23.10.2002 |
| A100435 | UBI | 619401010050418 | 2,67,07,444.33 | 93 | Pending since 2015 to 2021 |

**(iv) Cash in Transit:**

The balance of **cash in transit** is pending since long time which should be reconciled and nullified at the end.

| G.L Code | Name of account | BusAr. | Amount(Dr) | Amount(Cr) | Difference |
|---|---|---|---|---|---|

The Auditor have erred in computing the differential amount in cash in transit, and except some minor difference in Business Area 51, 51 & 83, there is no

| | | | | | |
|---|---|---|---|---|---|
| A100305 | Cash in transit | 35 | 1,22,05,89,039 | 1,27,82,98,889 | -5,77,09,850 |
| A100305 | Cash in transit | 37 | 2,21,33,19,272 | 2,17,01,70,034 | 4,31,49,238 |
| A100305 | Cash in transit | 45 | 1,36,05,06,394 | 1,34,67,75,462 | 1,37,30,932 |
| A100305 | Cash in transit | 51 | 1,47,15,51,771 | 1,48,69,51,771 | -1,54,00,000 |
| A100305 | Cash in transit | 53 | 1,97,27,56,599 | 1,97,50,23,681 | -22,67,082 |
| A100305 | Cash in transit | 83 | 22,21,55,76,549 | 22,24,27,15,414 | -2,71,38,864.98 |

Further to the above-mentioned difference for the year, there is an Closing Balance of Rs. 1588.55/-Lacs is also pending for adjustment since last years. No proper explanation as to why such Balances are still pending & not rectified has been provided to us.

difference in any Business Area, the Statutory auditor have failed to take the impact of opening and closing month balances which are brought forwarded from the previous financial year and carried forwarded to next financial year respectively.

**(v) Stores & Spares**

❖ As per Ind AS 2, the cost of inventories may not be recoverable if those inventories are damaged, or have become wholly or partially obsolete. The practice of writing inventories down below cost to net realizable value is consistent with the view that assets should not be carried in excess of amounts expected to be realized from their sale or use. However, the company had not valued the items appearing in 'Defective and Empties' Account at fair value.

The Valuation of the Inventories has been made lower of Cost or Net Realizable Value, based on the technical analysis, the company ascertained that the book value of defective and empties are lower than its realizable value and hence as per the accounting standards, the inventories had been valued to its book value which is lower of "Cost or NRV". From the above, the company is compliant to the IND AS issued for valuation of Inventories.

<table>
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❖ During the Course of audit, it was found that there were various GL A/c Code of impaired/shortage inventories which were shown under the head inventories instead of writing off the list of the some of the GL Code is as below:

<table>
<tr><th>G.L code</th><th>Name of Account</th><th>Amount</th></tr>
<tr><td>A100133</td><td>Scrap & Unserv Matrl</td><td>2,80,27,405.33</td></tr>
<tr><td>A100132</td><td>Defective & Empties</td><td>30,37,72,308.70</td></tr>
<tr><td>A100127</td><td>Stores- Medical</td><td>22,82,748.33</td></tr>
<tr><td>A100103</td><td>Raw Material Oil HSD</td><td>13,845.23</td></tr>
<tr><td>A100135</td><td>Stock Fab Workshop</td><td>1,24,306.8</td></tr>
<tr><td>A100123</td><td>Store-Civil Items</td><td>1,90,454.79</td></tr>
</table>

</td>
<td>Necessary adjustment shall be made after due scrutiny of the same by various store divisions.</td>
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<td>

**(vi) <u>Non Accounting of Revenue Subsidy:</u>**

The Company has raised a Claim of Rs. 246.78 Cr for FY 2016-17, Rs. 274.84 Cr for FY 2017-18, Rs.449.07 Cr for FY 2018-19,Rs.400.01 Cr. for FY 2019-20. ***As informed and explained by the management no claim has been raised for Compensation against Free electricity to Farmers under Krishak Jeevan Jyoti Scheme of Government for the F.Y 20-21 and 21-22.*** The Company has till the end of financial year neither received any amount against this compensation nor has received any Confirmation regarding receipt of such amount from State Government.***As explained & informed to us the said amounts will be accounted for as and when received from Government of Chhattisgarh and hence has not been provided for in the Books of Accounts of FY 2021-22.***

</td>
<td>The State Government has approved scheme as per which agriculture consumption of 6000 unit per year (for pumps upto 3HP) and 7500 units per year (for pumps above 3 HP but upto 5 HP) was free for which full reimbursement was to be made by the State Government for Agriculture consumers having opted for flat rate tariff of Rs.100/HP, per month, State Government was to reimburse up to the consumption limit specified above. As the Govt. has not approved to reimburse charges against consumption in excess of limit specified in its order dated 28.11.2017, the Company has not considered energy charges in excess of the approved limit as its revenue looking to</td>
</tr>
</table>

| | |
|---|---|
| | basic principles of accounting the conservative approach as per which revenue should be recognized in books only when realization of the same is reasonable certain.<br>The company has approached the State Govt. vide letter dated 31.05.2019 & 02.12.2019 for reimbursement of excess energy charges and on acceptance / sanction of the same by the State Govt. the same will be recognized as revenue in the year of sanction. |
| **(vii) Delay Payment Surcharge**<br>Delay payment surcharge payable during the year has not been provided for current year. In addition thereto, no record of delay payment surcharge payable to private parties was produced before us. As per information and explanation provided to us CSPDCL is paying delay payment surcharge to private parties as claimed by them in their invoice. | The company has already provided amounting to Rs. 12.89 Crore for delay payment surcharge in past years however, party has not claim that amount and hence company rather providing for surcharge every year will adjust the old provided surcharge from the payment (if any) of surcharge made in the year or subsequent year till the old provision comes to Nil . |
| **(viii) Renewable Energy Certificate (REC)**<br>Due to non-compliance of RPO (Renewable Power Obligations) target, the company is obliged to purchase REC Certificate. However, the company has not purchased the REC Certificate nor created the provision for purchase of REC Certificate. **(Tariff rate of last year has been taken for calculation of provision, last year tariff rate has been taken because** | Para No. 4.3 of Chhattisgarh State Electricity Regulatory Commission (Renewable Purchase obligation and REC framework implementation) Regulations'2021 dated 29th |

**management has not provided the tariff rate of F.Y. 2021-22)** , details of which are given below:

| Type of Sources | | Total Consumption (LV, HV and EHV Sales) (MU) | RPO Target | | RPO Achievement | | Difference (In MU) | Rate (Rs./REC) | Amount (Rs in Crores) |
|---|---|---|---|---|---|---|---|---|---|
| | | | In % | In MU | In % | In MU | | | |
| Solar | | 25745.07 | 10.50% | 2703.2 | 3.64% | 938.23 | 1765 | 1.00 | 176.5 |
| Non Solar | HPO | | 0.18% | 46.34 | 1.33% | 341.84 | -295.5 | 1.00 | -29.6 |
| | Others(Biomass & Small Hidel) | | 10.50% | 2703.2 | 4.65% | 1198.3 | 1505 | 1.00 | 150.5 |
| **Total** | | | **21.18** | **5452.81** | **9.63** | **2478.35** | **2974.46** | | **297.04** |

Oct'2021 effective from 01st April'2021 states the minimum percentages of Renewable Purchase Obligation (RPO) in each category to be procured by Obligated Entity as percentage of total consumption has given for solar @10.50% and Non Solar @10.68% for FY 2021-22. Provided that RPO levels for the year 2022-23 & 2023-24 shall be as specified or MoP/MNRE trajectory to be specified, whichever is higher.Provided further that the power purchases under the long term power purchase agreements (PPA) for the purchase of renewable energy sources already entered into the by the distribution licensees shall be continued till their present validity, even if the total purchases under such agreements exceeds the percentage as specified herein above and any such excess purchase by distribution licensees will be adjusted to meet the its obligation for previous years or for next year. Looking into the business of the company and long term PPA, CSPDCL is expected to achieve the target in upcoming years, hence no provision for RPO

<table>
<tr><td></td><td>has been made in the FY 2021-22</td></tr>
<tr><td>
(xi) <u>Difference in Inter Company Balances</u><br>
During the course of our verification we found that there is Differences in Inter Company balances of the Company. Details are as under:-
<table>
<tr><th>Name</th><th>Balance as per our Books (SAP)</th><th>Respective Balances as per Inter - Company's Books</th></tr>
<tr><td>Chhattisgarh State Power Holding Company Limited</td><td>Dr.bal of Rs.150.20/- Lakhs</td><td>No Balance Confirmation and reconciliation of the respective balance has been produced before us for verification. Hence we are unable to comment on Differences if any, between inter-company balances.</td></tr>
<tr><td>Chhattisgarh State Power Generation Company Limited (CSPGCL)</td><td>Cr.bal of Rs. 15,319.66/- lakhs</td><td>No Balance Confirmation and reconciliation of the respective balance has been produced before us for verification. Hence we are unable to comment on Differences if any, between inter-company balances.</td></tr>
<tr><td>Chhattisgarh State Power Transmission Company Limited (CSPTCL)</td><td>Dr. bal of Rs.6152.70/- lakhs</td><td>No Balance Confirmation and reconciliation of the respective balance has been produced before us for verification. Hence we are unable to comment on Differences if any, between inter-company balances.</td></tr>
<tr><td>Chhattisgarh State Power Trading Company Limited (CSPTrCL)</td><td>Dr. bal of Rs.236.85/- lakhs lakhs</td><td>No Balance Confirmation and reconciliation of the respective balance has been produced before us for verification. Hence we are unable to comment on Differences if any, between inter-company balances.</td></tr>
</table>
</td><td>A reconciliation statement of the same is being prepared.</td></tr>
<tr><td>
d) <u>Revenue</u><br>
❖ Sale of power through power trading company (PTC) has been booked after netting off commission payable to PTC, which results in under
</td><td>Whenever payment is made by PTC to CSPDCL, it deducts</td></tr>
</table>

<table>
<tr><td>booking of revenue and expenses which is not in accordance with IND AS 115 "Revenue from contract with customers". Since, commission expenses have been netted off; the company has also not deducted TDS under Sec-194H of Income Tax Act, 1961.</td><td>its commission and makes net payment, hence TDS could not be deducted on the commission paid as payment is received after deduction of commission by PTC. However, whenever CSPDCL is required to make payment to PTC, TDS as per Income tax is deducted on commission.</td></tr>
<tr><td>❖ No Reconciliation of Revenue as per books &GST Returns filed have been provided to us for our verification.</td><td>The reconciliation of revenue is in process as due to voluminous data the reconciliation process is time taking task.</td></tr>
<tr><td>❖ During the course of Audit, we observed that there is Difference between Revenue Earned from High tension (HT) consumers as per Billing Module of SAP & Accounting Module of SAP.<br><table><tr><th>As per Billing Module</th><th>As per FICO Module (SAP)</th><th>Difference</th></tr><tr><td>7,25,957.08 Lakhs</td><td>7,25,980.40 Lakhs</td><td>66.68 Lakhs</td></tr></table><br>No detail/reconciliation has been provided between SAP FICO and Billing Module related to LT Consumer Billing and Revenue booking.</td><td>The difference between the Revenue as per billing module & SAP Fico module is due to non-linking of some revenue item in Fico Module in the report of HT R-15 prepared in the SAP system, the same has been rectified and there is no difference in the revenue of two modules now or if any marginal difference exists a reason of the same could be ascertain.</td></tr>
<tr><td>❖ The company has carried out various deposit works & charged supervision charges thereon at the rate of 15% of deposit works. The company recognizes the same as income on cash basis instead of accrual basis. A clear policy has not been framed by the company regarding this matter.</td><td>Due to large number of estimates it is not possible to relate each and every amount of supervision charges and the stage of work up to which the same has been completed, therefore the same has been recognized in</td></tr>
</table>

| | |
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| | the account as and when the same is received. |
| ❖ During the course of audit, it was observed that company has booked Penalty received from contractor for delayed work under the head Other Income(GL Code- I152014) amounting to Rs. 1,66,33,773.75/- .The same should have been reduced from the cost of asset. This has resulted in overstatement of asset and overstatement other income. | The company is under process to develop the method through which the said reduction in the cost of assets can be made. However, all the penalty is not in the nature which require reduction of assets. |
| ❖ Furthermore, Remittance of LD recovered from contractors to Ministry of Power amounting to Rs. 1,22,86,685/- has been passed through GL Code I152008 "Other Misc. Receipts" instead of passing it through liability code. Which resulted in understatement of revenue and over statement of liabilities. | As the recovery of LD from contractors from the work allotted against the schemes sponsored by Ministry of Power was made in the GL Code I152008, the remittance of the same to MoP was also made the same code |
| ❖ Furthermore, Refund of Penalty & Retention to contractors amounting to Rs. 5,25,26,193/- has been passed through GL Code I152008 "Other Misc. Receipts" which should have been passed through L110603 "Retention Money from Supplier/ Contractors" resulting in understatement of revenue and over statement of liabilities. | The basic nature of penalty / retention deducted from contractor's bills is that of income and only is exceptional circumstances the same is refunded. |
| ❖ During the course of audit has been found that under GL Code I152008 "Other Misc. Receipts" income against sale of tender forms amounting to Rs. 13,20,000/- which should have been booked under the GL Code I152006 . | Factual Position, no effect on Profit and Loss. |
| ❖ **Delay Payment Surcharge-** | |
| • As informed by the management Delay Payment Surcharge has been waived and written off amounting to Rs. 149.91/- crores in the accounts of Chhattisgarh State Power Transmission Company Limited (CSPTCL) for the F.Y. 2021-22. Hence, this liability of | All the necessary documents produced before the audit. |

| | |
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| Rs.149.91/-crore is no longer required, so it has been written back in FY 2021-22 and has been adjusted through Cost of Power Purchase. Further no evidence for such transaction has been produced before us for our verification.<br><br>• As informed by the management, Delay Payment Surcharge has been waived and written off amounting to Rs.300.00/- crores in the accounts of Chhattisgarh State Power Generation Company Limited (CSPGCL) for the F.Y. 2021-22. Hence, this liability of Rs.300.00/- crore is no longer required, so it has been written back in FY 2021-22 and has been adjusted through Cost of Power Purchase. Further no evidence for such transaction has been produced before us for our verification. | All the necessary documents produced before the audit. |
| **e) Identification of Micro, Small and Medium Enterprises as defined under MSMED Act, 2006.**<br><br>As informed the company has system for identification of enterprises qualifying under the definition of Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). However, the same has not been implemented successfully; hence leading to non-identification of vendor enterprises into Micro or Small or Medium Enterprises. Furthermore, No Additional Disclosure related to trade receivables, loans & trade payables as required by IND AS Schedule III has been made in the Financial Statements of the Company. | The amount payable to Micro, Small and Medium enterprises as defined under MSMED Act,2006 has been separately mentioned in the notes to account and disclosure has been made in this regard. |
| **f) Deemed Deposits under Companies Act, 2013**<br><br>As per the information provided to us, the company has not maintained age wise details (ageing schedule) of advances received from customers, thus we are unable to comment on Deemed Deposits as per Sec 73 to 76 of Companies Act, 2013.(Advanced received, if not supplied within 365 days is considered as deemed deposits.) | Deemed deposits as per section 73-76 is applicable only for sub clause (a) & (c) of clause XII of Rule 2 of Companies (Acceptance of Deposits) Rule, 201 4. The sub clause (c) does not require age wise Details of security deposit. The sub clause (a) requires age wise details of advances<br>For more than one year. The same will be Provided to the audit next year. |

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| **g) Internal Audit**<br>As per section 138 of companies Act 2013 read with Rule 13(1)(a) of Companies (Accounts) Rules, 2014, every prescribed company is required to appoint an Internal auditor. Although the company has appointed an Internal Auditor, the Internal Audit Report for the Financial Year 2021-22 is not produced before us for our consideration. | 1.M/s APAS & Company,<br>2 M/s Ajay Sidhwani& Co,<br>3.M/s Minesh Anand & Associates &<br>4.M/s Purthi & Company have been appointed as Internal Auditor for FY 2021-22.<br>Major portion of audit i.e. revenue audit, power purchase audit etc. has been completed and the related finding has been submitted by the internal auditors and has been shown to the statutory auditors during the course of audit, however the final summary Internal Audit report was yet to be submitted by the Internal Auditors till the dated of completion of Statutory Audit. |
| **h) GST**<br>• As per section 35(5) of Central Goods and Service Tax Act, 2017, every prescribed company is required to appoint a GST auditor for conduct of GST Audit. As informed to us the audit is still under process and GSTR-9C is not submitted. Also, the Annual Return (GSTR-9) for the same year has not been filed yet. | The reconciliation for FY 2021-22 is under process, filing of the Annual Return (GSTR-9) will be done thereafter. |
| • During the Financial year 2021-22, company has availed input tax credit only in the month of February and March for which no proper records and explanation has been provided to us. As the company is engaged in the business of distribution of power which is majorly exempt in nature therefore they were not eligible to take input or if they take input than they are required to reverse the input credit in proportion to the exempt supply they had provided. No records or details of reversal of credit, if any, have been produced before us.<br>ITC claimed for the above month are given below: | ITC has been claimed on the basis of the bills passed by RAO's for which the copies of bills are available in Head Office. CSPDCL is availing ITC on the services availed from contractors for deposit work schemes for which |

| Month | IGST | CGST | SGST |
|---|---|---|---|
| February | - | 19,82,325/- | 19,82,325/- |
| March | - | 39,36,153/- | 39,36153/- |

output GST is paid by CSPDCL.

- Further, as explained by the management the company has filed GSTR-1 and GSTR-3B and the figures reported in the mentioned returns related to the exempt supply is on estimated basis of last year which has to be reported in returns on actual basis. No reconciliation has been provided to us between the actual and estimated figures.

Filing of GSTR-1 and GSTR-3B is to be done by 11th and 20th of the next month whereas the billing cycle continues for a period of 1.5 months as a result actual figures cannot be furnished at the time of GST filing. However, the same shall be reported at the time of filing of Annual Return.

- During the course of audit, we have identified below mentioned revenue heads on which in our opinion company is liable to collect and pay GST as per CGST Act,2017. However, the Company has either not collected or short collected or wrongly collected in a single head amount of GST that is either CGST or SGST. The list of such accounts are as below:

| G.L code | Name of Account | Amount |
|---|---|---|
| I152006 | Sale of Tender | 1,52,750/- |
| I152028 | Other Misc Revenue | 9,14,213/- |
| I152008 | Other Misc Receipts | 21,03,74,880/- |
| I150510 | Other Rental Income | 6,000/- |
| I152009 | Supervision Charges | 7,51,206/- |
| I152022 | Supervision Charges | 8,930 /- |
| I152020 | Supervision Charges | 11,663/- |
| I152013 | Supervision Charges | 2,36,730/- |
| L110707 | Line Affording | 11,04,568/- |
| L110709 | Line Affordi | 9,28,934/- |
| L110708 | Line Affordi | 30,142/- |

For Supervision charges and line affording charges GST liability has been fully discharged in future years. Further SAP is not fully compliant with GST hence various taxable and non taxable incomes are punched in same GL heads resulting to incorrect reflection of the taxable figures. In this regard separate GL heads are being created time to time to establish direct linking of the taxable amount with GST collected and paid.

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In our Opinion the Company may be liable to pay GST on all the above-mentioned accounts in future which will be a Cash Outflow from companies end and will be a Loss to the Company as the Company has either Not Collected or Short Collected the GST Amounts from the recipients. Due to Non Availability of Complete Records& Documents we are unable to quantify the amount of said GST Liability which may arise in future.<br><br>
• During the course of audit, it has been observed that Company has collected GST on the following ledger which has an outstanding credit balance since 2019, however management claims that payment of outstanding amount has been made through another ledger but no reconciliation/Confirmation that the below mentioned liabilities has been paid or not has been provided to us :-
<table>
<tr><th>G.L code</th><th>Name of account</th><th>Amount</th></tr>
<tr><td>L112012</td><td>CGST on HT Meter Rent</td><td>Cr. 29,01,089.58/-</td></tr>
<tr><td>L112014</td><td>SGST on HT Meter Rent</td><td>Cr. 29,01,089.58/-</td></tr>
<tr><td>L112016</td><td>CGST on LT Meter Rent</td><td>Cr. 1,89,68,611.25/-</td></tr>
<tr><td>L112018</td><td>SGST on LT Meter Rent</td><td>Cr. 1,89,68,611.25/-</td></tr>
</table>
</td>
<td>
GST on meter rent was collected through billing module and the same has been discharged through GL heads L112047 & L112048 and reported in monthly GSTR-3B . No liability for payment stands for FY 2021-22 as on current date.
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<td>
h) <u>Government Grant and Consumer Contribution for Property plant and Equipment</u><br><br>
During the course of audit it was found that the some deposit code related to consumer contribution needed to amortize as per the amortization policy of company instead of amortizing the below mentioned code same has been directly transfer to reserve surplus which leads to understatement of profit.
<table>
<tr><th>SAP Code</th><th>G/L account text</th><th>Closing Balance</th></tr>
<tr><td>A100350</td><td>Deposit work</td><td>4,53,74,74,009.08/-</td></tr>
<tr><td>L030114</td><td>Deposit work- Agri P</td><td>5,74,26,014.67/-</td></tr>
<tr><td>L110701</td><td>Deposit works LT</td><td>1,82,61,85,329.46</td></tr>
<tr><td>L110702</td><td>Deposit works HT</td><td>78,79,21,410.98/-</td></tr>
</table>
</td>
<td>
The Government Grant and consumer contribution are amortized in accordance with the asset capitalized during the year, however due to the large number and nature of asset it is not possible to correlate and have a one to one relation between the contribution and assets developed.
</td>
</tr>
<tr>
<td>
j) <u>Cash Flow Statement</u><br>
Cash Flow Statement is not in line with the corresponding Ind AS 7 requirements.TDS, TCS and Profit or Loss on sale of Fixed Assets is not separately recorded in preparation of Cash Flow Statement. Further, it was observed that the cash flow statement prepared does not contain the statement of change in liabilities arising out of financial activities,
</td>
<td>
The Cash Flow statement has been made in line with Ind AS 7, however if any further disclosure is required, the audit is requested to suggest
</td>
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| including both changes arising from cash flows and non-cash changes as per required by Ind AS 7.<br>As per Para 44A of Ind AS 7, an entity shall provide disclosures that enable users of financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.<br>Further to the extent necessary to satisfy the requirement in paragraph 44A, an entity shall disclose the following changes in liabilities arising from financing activities:<br>(a) Changes from financing cash flows;<br>(b) Changes arising from obtaining or losing control of subsidiaries or other businesses;<br>(c) The effect of changes in foreign exchange rates;<br>(d) Changes in fair values; and<br>(e) Other changes. | the same and necessary changes may be made in the next year cash flow statement. |
| **k) <u>Assets held for sale</u>**<br>Company has not classified the non-current assets (or disposal group) as Held for Sale as required by Ind AS 105"Non-current Assets Held for Sale and Discontinued Operations". As informed there are non-current assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use, which qualify to be disclosed as assets held for sale. | As per Ind AS 105 - The objective of this Indian Accounting Standard (Ind AS) is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. In particular, this Ind AS requires: (a) assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale to be presented separately in the balance sheet and the results of discontinued operations to be presented separately in the statement of profit and loss. |

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| | The assets held by the company unlike any other manufacturing or trading concern cannot be distinguish form each other assets and cannot be termed as a separate block of assets which are held separately as a result of discontinued operations as the operation performed by the company is of continuous perpetual nature. The unusable assets which have to be discarded due to wear and tear or due to change in technology are immediately replaced by the some other assets as the operation of the company is still continued. Further the sale proceed of the discarded assets is realized through sale in auction and is recorded as sale of scrap.<br><br>Therefore, Company has not classified the non-current assets (or disposal group) as Held for Sale separately. |
| l) **<u>Depreciation short claimed due to delayed capitalization of Capital work in progress</u>**<br><br>During the scrutiny of fixed asset Register, it was observed that the capitalization of Capital work in progress was done generally in month end dates. Further, some capitalization was done in the last day of the financial year i.e 31st March,2022. On enquiry raised by us it was explained to us that delay is due to non- submission of estimates by divisions and assets are commissioned well before their capitalization in the books of accounts. The said accounting treatment has resulted in under booking of depreciation resulting in loss to the company. The amount of such short | The capitalization of assets formed is a perpetual process and as evident from the assets register the capitalization of assets is done in every month however the frequency is much more in the month of March being the last month |

| | |
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| depreciation could not be quantified in view of non-availability of complete details. | of the Financial year. It may also due to the reason as the financial year period is closed after 31st March and the process of documentation takes time the capitalization process in the system is run after end of the financial year and due to procedural aspect the same is capitalized in the last day of the financial year. |
| **m) Compliances of Previous Audit Reports-**<br><br>Compliances of previous audit report have not been produced before us for our verification and observation, Furthermore rectification entries relating to earlier years are still not passed through SAP. | All the previous audit reports has been made available before audit. Rectification entries are being passed in SAP. |
| **n) GBI (Generation Based Incentive) Claim:**<br><br>GBI claim is a subsidy received by the company from the government against purchase of Solar power from two different parties. The applicable SERC Tariff Rate is Rs.17.91.kWh, out of which Rs.10.17 kWh is reimbursed by the government, whereas the company is claiming the same at Rs.12.25 kWh. The company has followed Cash System of accounting instead of Mercantile Basis for recording of this claim. | The matter of difference in GBI rate is subjudiced and is pending for hearing at APTEL. Till the matter is adjudicated the GBI claim is entered in the books on the basis of actual amount received. |
| **o) Transmission Charges:**<br>Monthly Transmission Charges of Rs. 81.64 Cr. is payable by LTOA & MTOA customers to CSPTCL. CSPDCL is a LTOA customer and the monthly transmission charges paid to the CSPTCL is distributed between the LTOA and MTOA consumers in proportion to the allotted capacity, after netting off the transmission charges received from STOA consumers. However, the amount paid by STOA consumers to CSPTCL is on cash basis rather than accrual basis. | CSPDCL has made provision in its accounts for due amount of MTOA & LTOA on accrual basis and adjustment of STOA is made by CSPTCL as and when received. Further, the treatment of STOA by CSPTCL cannot be the basis of accounting of CSPDCL. |
| **p) Suspense Accounts** | It had been explained to the audit during the course of |

<table>
<tr>
<td>There are three suspense accounts maintained by the Company for which no explanation has been provided by the management. The effect of all three accounts has been reflected in Financial Statement under the head “Other Current Liabilities”.<br><br>Details of which are as follows:<br>
<table>
<tr><th>G.L code</th><th>Name of Account</th><th>Amount</th></tr>
<tr><td>L114030</td><td>Suspense Loading H.T</td><td>59,48,946/-</td></tr>
<tr><td>L119999</td><td>Suspense Account</td><td>1,24,82,749/-</td></tr>
<tr><td>L119997</td><td>Imprest Suspense Account</td><td>4,17,841/-</td></tr>
</table>
<br>All the above mentioned accounts need to be Reconciled and the resultant impact should be given in the concerned account heads.</td>
<td>finalization that there were many untraceable/ identifiable items which was passed on by the previous legacy system at the time of bifurcation of CSEB &MPEB and later at the time to bifurcation of CSEB into different Power Companies, which is shown under the various suspense head in the current SAP system. The appropriate accounting treatment will be made in coming years after due scrutiny.</td>
</tr>
<tr>
<td>q) <u>Other Payable and Trade payable</u><br><br>During the course of audit, it was found that GL A/c Code A100370 “Service tax super” amounting to Rs. 24,37,779/- is shown under the other payable in financial statement and GL A/c Code L115053 “GR/IR Clearing account” amounting to Rs.2,74,95,48,777.28/- is shown under the Trade Payable in financial statement which is outstanding since long period of time for which no detail has been provided to us.<br><br>Further, in Note No. 20 the aging of Trade Payable has been given for which no detail working has been provided to us how the age of Trade Payable has been determined.</td>
<td>The company is under process of reconciling the same. Further, the method used to ageing of trade payable has been communicated to the auditor’s.<br><br>The ledger name indicates about the commercial tax, however, the same is being used for Advance Income Tax since inception. The fact has been communicated to the auditor as well.</td>
</tr>
<tr>
<td>r) <u>Other non Current Assets</u><br><br>During the course of audit, it was found that GL A/c Code A102302 “Commercial Tax Receivable” Debit Balance amounting to Rs.37,41,07,083/- is shown under the Other Non Current Tax Assets in</td>
<td>The old FDR related with CSEB period of no certificate is available to the company.</td>
</tr>
</table>

<table>
<tr>
<td>
financial statement which is outstanding since long period of time for which no details has been provided to us.
Furthermore, company has Fixed Deposit under the GL Code- A090108 "Inv. In FD Bank -Co" under Other Current Assets amounting Rs. 63,59,088.00 /- of which no document has been produced before us. Therefore, we are unable to comment thereon.
</td>
<td>The Amount shown in Codes A109000 & A109099 has been transferred in the server of CSPDCL at the time of migration, details of which are not available. Further, reconciliation of other GL code is under process and same will be resolved at the earliest.</td>
</tr>
<tr>
<td>
s) <u>Upload Control A/C</u>
During the course of audit, it was observed that various upload control account were found which has to be reconciled and nullified but the same has been not done and there is huge balances is still outstanding from long time detail of the some account are as below.
<table>
<tr><th>G.L code</th><th>Name of Account</th><th>Amount</th></tr>
<tr><td>A109000</td><td>Vendor Adv Upload Account</td><td>Cr. 15,13,45,920/-</td></tr>
<tr><td>A109099</td><td>Transfer A/c-ISU</td><td>Cr. 4,99,02,241/-</td></tr>
<tr><td>L010190</td><td>Initial Uploading FI</td><td>Dr. 12,33,43,575.36/-</td></tr>
<tr><td>L010191</td><td>Initial Uploading FI</td><td>Cr. 32,24,79,359.84/-</td></tr>
<tr><td>U900001</td><td>GL Upload Control</td><td>Cr. 10,94,68,63,062.52/-</td></tr>
<tr><td>U900001</td><td>GL Upload Control</td><td>Dr. 1,26,57,749.12/-</td></tr>
<tr><td>U900007</td><td>CWIP Upload Control</td><td>Dr. 3,25,53,88,470.61/-</td></tr>
</table>
</td>
<td>The matter will be taken in care in next year accounts.</td>
</tr>
<tr>
<td>
t) <u>Finance Cost</u>
During the course of audit it was found that the company has made the early payments to the parties from whom they purchases the power to avail the discount, the company has avail the discount of Rs. 4,45,90,503/- instead netting the discount with the purchase cost of the power the company has netted it with the interest on working capital due to which finance cost is understated and power purchase is over stated.
</td>
<td>The issue is related with classification of Rebate and have no financial implication on profit and loss account for the year under consideration.</td>
</tr>
</table>

| Other Matters | |
|---|---|
| a) As per Section 204(1) of Companies Act 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which mandates Secretarial Audit for every Listed Company, the company has appointed Secretarial auditor for Secretarial audit but the Secretarial audit report for the financial year 2018-19, 2019-20 & 2020-21 has not been produced before us. | It is to mention here that there is no time limit prescribed under the Companies Act, 2013 for appointment of Secretarial Auditor. There is only requirement of annexing Secretarial Audit Report with Board Report under Section 204 of the Companies Act, 2013. In view of the above, there is no non-compliance of the provisions of the Companies Act, 2013.<br><br>The Company has appointed Secretarial Auditor for the Financial Year 2018-19, 2019-20 & 2020-21 and the Secretarial Auditor also completed their audit and submits their Secretarial Audit report for the financial year 2018-19 & 2019-20 and the same was also annexed with Board's Report for the financial year 2018-19 & 2019-20.<br><br>Further, the Company has appointed Secretarial Auditor for the financial 2020-21, in its Board Meeting held on 11th July, 2022. Further, the Company has annexed Secretarial Audit Report for the F.Y. 2020-21 with the Board Report. |
| b) As per section 92 of Companies Act, 2013, every company is required to prepare the Annual Return in Form No. MGT-7 and file with Registrar within 60 days from the date on which Annual General Meeting is held or from the last day on which. Annual General meeting should have been held. During the course of audit Annual return for the F.Y 2020-21 has not been produced before us. | The annual return in Form No. MGT-7 for the financial year 2020-21 has been filed on 31th March 2022. |

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| c) As per Section 178(1) of Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules,2014, every listed company and public company which has paid up share capital of 100 crore or more, or which have, in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs.50 Crores need to form a Nomination and Remuneration committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Company does not have any Nomination and Remuneration committee due to non-availability of Independent directors. | There was requirement of appointment of one-third of the total number of Directors as Intendent Directors on the Board of Directors of the Company during the Financial Year under review in pursuance of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations (Bonds issued by CSPDCL are listed on stock exchanges). Further, there was requirement of Independent Directors on Audit Committee and Nomination & Remuneration Committee.<br><br>Being a Government of Chhattisgarh undertaking, as per the Articles of Association of the Company, all the Directors are to be appointed by the Government of Chhattisgarh. Keeping in view the above, a request was made to the Govt. of Chhattisgarh for appointment of Independent Directors on the Board of Directors of the Company. However, the Govt. of C.G. has not yet appointed Independent Directors on the Board of Directors of the Company.<br><br>It is to mention that due to subsequent amendment in the Companies Act,2013 and SEBI (LODR) Regulations, the provisions related to appointment of independent directors, constitution of Audit Committee and |
| d) As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies (Meeting and Power of Board) Rules, 2014 which deals with requirement to form Audit Committee, the Company does not have Independent Director in its Board of Directors as required by Sec 149 of the Companies Act, 2013 consequent to which the Company could not comply with the above provision. | |

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| | Nomination & Remuneration Committee are not applicable on your Company w.e.f. 1st April, 2021. Keeping in view the above provision, the Board of Directors of the Company, in its meeting held on 17thJuly, 2021, dismantled the Audit Committee of the Company.<br><br>Further, as per the newly inserted provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent by a company under Section 135(5) does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable w.e.f. 22.01.2021 and the functions of CSR Committee provided under the Companies Act 2013 shall be discharged by the Board of Directors of Company. Since, the Company was having average net loss during the immediately preceding three financial years. Accordingly, the Company was not required to constitute a CSR Committee as per section 135 of the Companies Act, 2013. |
| e) As per Sec 148 of Companies Act, 2013 read with Rules 3 and 4 of Companies (Cost Records and Audit) Rules, 2014 which mandates Cost Audit for specified companies, the company has appointed Cost Auditor but the Cost Audit Report for the financial year 2019-20 & 2020-21 have not produced before us. | The Board of Directors of the Company in its meeting held on 18th October, 2019 has appointed the Cost Auditor of the Company for the financial year 2019-20 & 2020-21. However, due to delay in preparation, finalization & audit of the Financial |

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| | Statements for the financial year 2019-20 & 2020-21 the finalization of cost records for the financial year 2019-20 & 2020-21 was delayed.<br><br>The Board of Directors of the Company, in its meeting held on 17th September 2021 & 22th April 2022 has approved the Cost Audit Reports for the F.Y. 2019-20 & 2020-21 respectively. However, Cost Audit report for FY2021-22 has been approved on time. |
| **Annexure A to the Auditors' Report** | |
| a. Accounting under proper heads of Account was not correctly done at initial stages in SAP software. This has resulted in difference between the opening balances as per SAP software and opening balances as per financial statements. Further as per information and explanation provided, the differences that arose at the first time adoption of Accounting Software "SAP" have been adjusted through Capital Work in progress by passing the adjustment entries in accounting software. | The issues are related with migration of software and the same has already been raised with EITC. The company will resolve the same at the earliest, however, the same has no impact on the Profit & Loss A/c of the year under consideration.. |
| b. The current year closing figures as reported in the Balance Sheet are derived from the Trial Balance of SAP after passing such adjustment entries. | The Auditor has stated the Factual position and does not require any comment. |
| c. Internal financial control for the conversion of capital work in progress into fixed assets has not been correctly reflected in the Accounting software, this has resulted in difference in the capitalization figures as disclosed in the financial statements and figures as shown in the Books of accounts maintained in the Accounting software. Further the capitalization of capital work in progress is some is done on the last day of the month resulting in depreciation being under booked. | The issues are related with migration of software and the same has already been raised with EITC. Further the process of conversion of capital work in progress into fixed assets is a continuous process and is done on day to day basis throughout the year, however due to some procedural delay the process |

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| | is carried forwarded in the next financial year such assets are capitalized on the last day of the previous year. |
| d. Bank Reconciliation of various bank accounts as mentioned in 'Basis for Qualified Opinion" has not been done resulting in differences with Bank balance as per Bank. | The company is in the process of reconciling the balances of banks of the mentioned RAO's. Further the position has improved during the financial year 2021-22 and except some collection banks accounts reconciliation backlogs of all RAO's has been cleared. The contention of the Auditor is also not fair to the extent that there is difference between the Bank Balance & balances as per the books of accounts., as the basic purpose of preparing of bank reconciliation statement is to reconcile the difference between the balance of bank and books of accounts. |
| e. The Company also needs to strengthen an appropriate internal control system for Revenue Recognition on account of Revenue from Sale of Power as there is a difference in Billing module & FICO Module. | The company is under process of resolving the same, further process has been developed in the SAP system and there is only marginal difference between the figures of two modules. .. |
| f. The company should take efforts for obtaining confirmations and should reconcile the intercompany balances on priority basis. | The company is under process to reconcile the same and apart from some minor issues the figures has been reconciled. |

| **Annexure B to the Auditors' Report** | |
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| **(i)** - In respect of the Company's Property, Plant and Equipment and Intangible Assets<br><br>(a) The Company has maintained records of Property, Plant and Equipment. However, voucher no., supplier name, quantitative and situation wise details are not maintained in the fixed assets register.<br><br>The Company has maintained records of Intangible Assets. However, voucher no., supplier name, quantitative and situation wise details are not maintained in the fixed assets register | (a) The fixed assets register is being maintained at H.O. on the basis of information available in the SAP system. Due to limitation of the system and voluminous number of component in a asset, quantitative details are not available in the register maintained at H.O. However, quantitative details are maintained at respective division and sub division offices. |
| (b) The management has explained that physical verification of fixed assets is a perpetual process undertaken at divisional and sub-divisional level. *As the relevant records of the physical verification were not produced before us for our review, we are not in a position to comment thereon.* | (b) Due to time constraint information from field offices was not received at the time of audit. However, the same shall be taken care of in future. |
| (c) The company possesses land received from MPSEB wherein records were not handed over, for re-organization of erstwhile MPSEB due to non-traceability; *hence we are not in a position to comment thereon.* | (c) The auditor's statement represents the factual position and doesn't require any comment |
| (d) The Company has not revalued any of its Property, Plant and Equipment (including right- of- use assets) and intangible assets during the year. | (d) The auditor's statement represents the factual position and doesn't require any comment |
| (e) No proceedings have been initiated during the year or are pending against the Company as at March31,2022 for holding the Benami Transactions (Prohibition)Act, 1988 (as amended in 2016) and rules made there under. | (e) The auditor's statement represents the factual position and doesn't require any comment |
| **(ii)**- In respect of its inventories: | The auditor's statement represents the factual |

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|---|---|
| a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at stores. As *the relevant records of the physical verification were not produced before us for our review, we are not in a position to comment thereon.*<br><br>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. | position and doesn't require any comment. The detail records of physical verification are maintained at store offices. Due to time constraint all physical verification report were not received at the time of audit. However, the same shall be taken care of in future. |
| b) The Company has been sanctioned working capital limits in excess of ₹5crore, in aggregate from banks or financial institutions on the basis of security of current assets and as informed by the management no quarterly statement has been filled as bank has waived off the requirements. | The auditor statement represents the factual position and doesn't require any comment. |
| **(Vii)** -In respect of statutory dues:<br><br>a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March, 2021 for a period of more than six months from the date of becoming payable. | The auditor statement represents the factual position and doesn't require any comment. |
| b. Dues of CSPDCL which have not been deposited on account of dispute are as under:<br><br>**In respect of Income Tax Act, 1961** | The status of the cases has already been mentioned in the auditors' report and is self explanatory and does not require any comment. Further necessary disclosure has already been made in the "Notes to Account" of the Company during the reporting financial year. |

| Sr. No. | Assess ment Year | Gross Tax Liability demanded (₹in Crore) | Unpaid Tax Liabilit y (₹in Crore) | Authority before which case is pending |
|---|---|---|---|---|
| 1 | 2003-04 | 277.38 | 144.81 | Pending before Hon'ble High Court of Chhattisgarh & |

| | | | | |
|---|---|---|---|---|
| | | | | Income Tax Appellate Tribunal (ITAT), Mumbai. |
| 2 | 2006-07 | 373.36 | 246.60 | The matter is pending before Appellate Tribunal. |
| 3 | 2008-09 | 92.19 | - | The matter is pending before CIT (A) / ITAT. |

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.

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| c. The company through the online system of Income Tax Department has retrieved that an amount of Rs.5.53 Crore is outstanding against TDS liability (Short Deduction. Short Payment). 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. | The company is in the process of obtaining necessary information of such cases from various offices and Income tax department. Further in 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. |
| d. Demand notice had been issued by the Income tax department at the time of summary assessment of return of income of the company for the A.Y. 2019-20 amounting to Rs. 10.78 Cr. The company is in disagreement with the Income tax department and response has been filed for the same, however, the matter is pending before the department for resolution. | The Case has been decided in favor of CSPDCL by the ITAT, Mumbai Bench. However, department has filed an appeal before High Court. |
| e. The Jurisdictional Assistant Commissioner of Income Tax has raised a tax demand of Rs. 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 Rs. 36.20 Crore. The company aggrieved from the order of CIT (A) has preferred an appeal to Income Tax Appellate Tribunal, who have granted stay against recovery of said demand. The matter was pending before ITAT, Mumbai Bench and has been decided in favour of CSPDCL. However department has | The auditor statement represents the factual position.Further necessary disclosure in this regard has been made in "Notes to Account" of the Company. |

filed an appeal before High Court but the company has not received any communication.

**In respect of Value Added Tax**

The demand has been raised against the company by the Commercial Tax Department after assessment of FY 2010-11 & onwards. The Company has filed appeal against order and cases are pending before The Vanijya Kar Tribunal. The liability may arise based on outcome of the case. The year wise gross disputed demand against such liabilities is as under:

| Sr. No. | Financial Year | Gross Tax Liability disputed (₹ in lacs) | Authority before which case is pending |
|---|---|---|---|
| 1 | 2010-11 | 63.79 | Appeal before second appellate authority i.e. Vanijya Kar Tribunal. |
| 2 | 2011-12 | 76.49 | Appeal before second appellate authority i.e. Vanijya Kar Tribunal. |

**In Respect of Service Tax**

ii) Additional Director General of GST Intelligence Bhopal Zonal Unit have issued SCN dated 18-10-2018 demanding service tax of ₹94.59 Crore on Meter Rent, Compensation Charges Penalty Recovered from contractors, Parallel Operation Charges, and non-tariff miscellaneous charges etc. as follows:

| Financial year | Service Tax Demand (₹ In crores) | Authority before which case is pending |
|---|---|---|
| 2013-14 | 39.95 | The company has filed writ petition before Hon'ble High Court of Bilaspur, Chhattisgarh. |
| 2014-15 | 14.49 | |
| 2015-16 | 15.47 | |
| 2016-17 | 19.43 | |
| 2017-18 (UPTO June ) | 5.25 | |
| **Total** | **94.59** | |

The auditor statement represents the factual position. Further necessary disclosure in this regard has been made in "Notes to Account" of the Company.

iii) Additional Director General of GST Intelligence Raipur Unit have issued SCN dated 16.10.2019 demanding service tax ₹13.26Crore on System Strengthening Charges as follows:

| Financial year | Service Tax Demand (₹ In crores) | Authority before which case is pending |
|---|---|---|
| 2014-15 | 2.15 | |

The auditor statement represents the factual position. Further necessary disclosure in this regard has been made in "Notes to Account" of the Company.

| | | |
|---|---|---|
| 2015-16 | 3.03 | The company has filed writ petition before Hon'ble High Court of Bilaspur, Chhattisgarh. |
| 2016-17 | 6.47 | |
| 2017-18 (UPTO June ) | 1.61 | |
| **Total** | **13.26** | |

iv) Demand Notice has been issued by the GST and Central Excise department for GST and Service Tax issues, the matter is under consideration before the department, the period and the amount involved is given hereunder:

| Name of Statute ( GST and Central Excise department) | Nature of dues | Amount (Rs. In Crores) | Period to which amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| 1. | Service tax | 12.29 | April 2015 to June 2017 | Superintendent, Raipur |
| 2. | Service tax | 2.21 | 2015-16 to 2017-18 (upto June ,2017) | Superintendent, Raipur |
| 3. | Service tax | 1.94 | July 2012 to June 2017 | Appellate tribunal, New Delhi |
| 4. | Service tax Penalty | 1.94 | July 2012 to June 2017 (Penalty) | Appellate tribunal, New Delhi |
| 5 . | Service tax Penalty | 6.37 | 2015-16 to 2017-18(upto June,2017) | Superintendent, Raipur |

Service Tax Case Rs 12.29 Crore (Sr.No.1) & Rs 6.37 Crore (Sr.No.5) have now been settled for amount Rs. 12.43 lakhs and Rs. 19.37 lakhs respectively.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**PLACE: RAIPUR (C. G.)**
**DATE:-08.07.2023**

**(ANKIT ANAND)**
**CHAIRMAN**
**DIN: 07415193**

## ANNEXURE "C" TO THE BOARD'S REPORT
## MANAGEMENT REPLY
## TO
## COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA (CAG)
## FOR THE F.Y. 2020-21

| PARTICULARS | REPLY OF THE MANAGEMENT |
|---|---|
| **AUDITORS COMMENT** | |
| **Balance Sheet**<br>**Equity and Liabilities Other Current Liabilities (Note: 18)- Rs. 324.67 crore**<br><br>1. Above does not include Rs.36.65 crore being the amount payable by the Company pursuant to the final verdict given by various courts of law in the matter of eight cases in which the Company was either petitioner or respondent. The Company failed to re-classify these cases from contingent liabilities to current liabilities which resulted in understatement of Current Liabilities and Loss by Rs. 36.65 crore. | Hon'ble CSERC has passed the order in the month of July'2022 by which time draft accounts were provided to the Statutory Auditors. After the receipt of the order, additional time is further required to decide whether the order is to be accepted or further appeal is to be preferred before APTEL. The decision of payment has been made by the Company and payment has been released in the month of Oct'2022 by which time audit of accounts was already completed. the Company will accounted for the same in FY 22-23. |
| **Current Liabilities.**<br>**Provisions (Note: 17)- Rs. 7764.53 crore**<br><br>2. Above does not include Rs. 2.74 crore being the amount payable towards delay payment surcharge on account of delay on the Company's part in payment of power purchase bills raised by various parties in accordance with the terms and conditions of power purchase agreements. This has resulted in understatement of Current Liabilities and Loss by Rs. 2.74 crore.<br><br>3. Above does not include Rs. 5.00 crore being the amount payable towards purchase of Energy Saving Certificates by the Company consequent to non-achievement of the distribution loss target | The company has already provided amounting to Rs. 12.89 Crore in past years however, party is not claimed that amount and hence company rather providing for surcharge every year will first adjust the old provided surcharge from the payment (if any) of surcharge made in the year or subsequent year till the old provision comes to NIL.<br><br>The accounting of the same will be made in the accounts of FY 2022-23. |

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| under Perform, Achieve and Trade scheme. This has resulted in understatement of Current Liabilities and Loss by Rs. 5.00 crore. | |
| 4. Above does not include Rs. 331.97 crore being the amount of expenditure to be incurred on purchase of Renewable Energy Certificates (RECS) in compliance of the Chhattisgarh State Electricity Regulatory Commission (Renewable Purchase Obligation and REC Framework Implementation) Regulations, 2021 for the year 2021-22. This has resulted in understatement of Current Liabilities and Expenses as-well-as Loss by Rs. 331.97 crore. | Para No. 4.3 of Chhattisgarh State Electricity Regulatory Commission (Renewable Purchase obligation and REC framework implementation) Regulations'2021 dated 29th Oct'2021 effective from 01st April'2021 states the minimum percentages of Renewable Purchase Obligation (RPO) in each category to be procured by Obligated Entity as percentage of total consumption has given for solar @10.50% and Non Solar @10.68% for FY 2021-22. Provided that RPO levels for the year 2022-23 & 2023-24 shall be as specified or MoP/MNRE trajectory to be specified, whichever is higher.<br><br>Provided further that the power purchases under the long term power purchase agreements (PPA) for the purchase of renewable energy sources already entered into the by the distribution licensees shall be continued till their present validity, even if the total purchases under such agreements exceeds the percentage as specified herein above and any such excess purchase by distribution licensees will be adjusted to meet the its obligation for previous years or for next year. Looking into the business of the company and long term PPA, CSPDCL is expected to achieve the target in upcoming years, hence no provision for RPO has been made in the FY 2021-22 |
| Further, a reference is invited to qualification at serial no (viii) of the Other Irregularities paragraph of the Independent Auditor's Report; wherein it has been stated that an amount of Rs. 297.04 crore has not been provided for in the | With respect to above mentioned reference, we would like to clarify regarding qualification at serial no.(Viii) of the 'other irregularities' paragraph of the independent Auditor's report Wherein it has been qualified that amount of |

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| financial statements for purchase of RECs for the year 2021-22. However, the obligation for the year 2021-22 on this account was Rs. 331.97 crore. The Independent Auditor's Report is also deficient to that extent. | Rs.297.04 crore has not been provided for in the financial statements for purchase of Renewable Energy Certificate (RECs) in compliance of Chhattisgarh State Regulatory Commission (Renewable Purchase Obligation and REC Frame Work Implementation) Regulation, 2021 (RPO obligations) for the Year 2021-22. |
| **B. Comments on Independent Auditors' Report**<br><br>5. The Annual General Meeting for the previous year (2020-21) was not held and the financial statements for the year 2021-22 were approved (22.09.2022) by the Company's BoD prior to adoption of previous year's financial statements by the shareholders. However, the fact was not reported by the statutory auditor resulting in non-compliance with the terms and conditions of appointment. | The auditor had already commented upon the same in his audit report under Point no. b of Other Matters. |
| **C. Comments on Disclosure**<br><br>**Notes to the financial statements**<br><br>6. The Telangana State Power Distribution Company Limited (TSPDCL) filed (24 September 2018) an appeal before APTEL regarding anomalies in bills claimed by the CSPDCL for sale of power to TSPDCL. Further, a meeting was held (05 October 2021) between CSPDCL and TSPDCL for payment of outstanding dues, wherein TSPDCL has not considered/admitted the incidental charges of Rs. 1424.79 crore and stated that the matter regarding payment of these charges shall be resolved after adjudication of appeal pending finalisation before the APTEL. However, this material fact was not disclosed by way of notes to the financial statements. The notes to the financial statements for the year 2021-22 are deficient to that extent. | With respect to the audit enquiry regarding, we inform that TSPDCL has not admitted regarding certain incidental charges. in the meeting held on 05th Oct.21, It is pertinent here to mention that, CSPDCL has adequately disclosed the aging for receivable against TSPDCL for ₹ 3524.79 crores in the financials under Note No 11- Trade receivables.<br><br>The matter is pending with the Appelate Tribunal. As per the Order copy, both CSPDCL & TSPDCL are directed to file written submissions vide order dated 13.02.2020 of Hon'ble Bench Court -I. As per the record of proceedings, the matter is already at the stage of hearing. |

| | |
|---|---|
| | Thus non disclosure does not have any major financial impact on the financials reporting till the case is settled. |
| **D. Other Comments**<br><br>**General**<br><br>7. The Department of Energy, Government of Chhattisgarh (GoCG) vide its order dated 24 May 2022 consented to pay off the dues of CSPDCL payable to CSPGCL ( Rs. 1000 crore) and CSPTCL ( Rs. 500 crore). As per procedure in vogue, the amount/ instalment was to be remitted to CSPDCL by GoCG and subsequently transferred to CSPGCL and/or CSPTCL. Pursuant to the GOCG's order, the Company has netted off the amount receivable from GoCG with that payable to CSPGCL and CSPTCL which was not in line with provisions of IND AS-1. Besides, this fact should have been disclosed by way of notes to the financial statements. | <br><br><br><br>The matter is noted for future corrections. Further, the treatment in the books is as per the the relevant order and does not have any impact on the loss of the Company. |

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**PLACE: RAIPUR (C. G.)**
**DATE:-08.07.2023**

**(ANKIT ANAND)**
**CHAIRMAN**
**DIN: 07415193**

Annexure D

# CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

(CIN: U40108CT2003SGC015822)

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

## SECRETARIAL AUDIT REPORT

FINANCIAL YEAR 2021-22

## SECRETARIAL AUDITOR


S G KANKANI & ASSOCIATES

COMPANY SECRETARIES

OFFICE NO. 701 & 712, 7TH FLOOR, ORRANGE HIVE

MOWA, VIDHAN SABHA ROAD,

OPP. RENAULT SHOWROOM, RAIPUR- 492005, (C.G.)

☏- 0771- 3501541, 3501542

✉- INFO@SGKINDIA.NET

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR 2021-22

[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 31st March, 2022 complied with the statutory provisions listed hereunder. We also report that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 in compliance of the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Electricity Act, 2003 and the Rules, Regulations and amendment made thereunder.
(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(vii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015



Office No. 701 & 712, 7th Floor, Orrange Hive,
Mowa, Vidhan Sabha Road, Opp. Renault Showroom, Raipur- 492005, (Chhattisgarh)
- 0771 – 3501541, 3501542 - info@sgkindia.net

S.G. KANKANI & ASSOCIATES RAIPUR (C.G.)

We have also examined the compliance of Secretarial Standards issued by the Institute of Company Secretaries of India.

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

a) *The Financial Statements for the F.Y. 2020-21 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013.*

b) *There was delay in filing of Cost Audit Report with the Central Government for the Financial Year 2020-21.*

c) *There was some delay in compliance of applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the company has not complied with Regulation 9, 13(4), 51(3), 52(7), 52(8), 53, 62 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

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

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

requiring compliance thereof by the Company during the Financial Year.

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

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

S.G. KANKANI & ASSOCIATES RAIPUR (C.G.) Company Secretaries



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

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

We further report that, during the audit period 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: 04/07/2023**

**FOR, S.G. KANKANI & ASSOCIATES**
**COMPANY SECRETARIES**

**(KAMLESH OJHA)**
**PARTNER**
**FCS NO.: 10807**
**CP NO. : 14660**
**UDIN: F010807E000541700**

S.G. KANKANI & ASSOCIATES RAIPUR (C.G.) Company Secretaries



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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 correctness and appropriateness of financial records and Books of Accounts of the company

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations 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: 04/07/2023**

**FOR, S.G. KANKANI & ASSOCIATES**
**COMPANY SECRETARIES**

**(KAMLESH OJHA)**
**PARTNER**
**FCS NO.: 10807**
**CP NO. : 14660**
**UDIN.: F010807E000541700**

S.G. KANKANI & ASSOCIATES RAIPUR (C.G.) Company Secretaries



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☎ - 0771 – 3501541, 3501542 ✉ - info@sgkindia.net

**ANNEXURE "E" TO THE BOARD'S REPORT**

**MANAGEMENT REPLY TO SECRETARIAL AUDITORS COMMENTS CONTAINED IN THEIR SECRETARIAL AUDIT REPORT FOR THE F.Y. 2021-22**

| S. NO. | PARTICULARS | REPLY OF THE MANAGEMENT |
|---|---|---|
| 1). | The Financial Statements for the F.Y. 2020-21 of the Company have not been placed before the members of the Company within the time limit prescribed under the Companies Act, 2013. | Due to the corona pandemic's spread wave IInd & IIIrd in India, CSPDCL's Books of Accounts for FY 2020-21 have not yet been finalized within the timeline. The Board Meeting for Finalization of Accounts for FY 2020-21 was conducted on 03.01.2022. The statutory auditor was signed the Financial Statement for FY 2020-21 on dated 31.01.2022. |
| 2). | There was delay in filing of Cost Audit Report with the Central Government for the Financial Year 2020-21. | Due to delay in preparation of Financial Statements, there was delay in preparation of Cost Records & thereon Cost Audit for FY 2020-21 |
| 3). | There was some delay in compliance of applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the company has not complied with Regulation 9, 13(4), 51(3), 52(7), 52(8), 53, 62 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. | Necessary Measures been taken on sustained basis. |
| 4). | The existing systems and processes in the Company for monitoring and ensuring compliance with applicable laws, rules, regulations and guidelines should be further strengthened considering the size and operations of the Company. | Necessary measures being taken on sustained basis. |

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**PLACE: RAIPUR (C. G.)**
**DATE:--08.07.2023**

**(ANKIT ANAND)**
**CHAIRMAN**
**DIN: 07415193**