

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

BALANCE SHEET AS AT 31 ST MARCH'2012

in Rs.

Particulars	Note	Current Year 31.03.2012	Previous Year 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	18,631,032,320	500,000
Reserves and surplus	3.2	(25,613,388,332)	(6,653,965,192)
Share Application Money Pending Allotment	3.3	2,132,625,000	19,132,625,000
Non-current liabilities			
Long-term borrowings	4.1	4,811,621,439	4,443,381,911
Long-term provisions	4.2	17,455,203,580	3,823,691,625
Current liabilities			
Short-term borrowings	5.1	867,489,023	53,348,372
Trade payables	5.2	20,236,820,709	8,048,303,864
Other Current Liabilities	5.3	16,516,781,654	14,523,804,907
Short-Term Provisions	5.4	1,338,123,850	1,280,303,426
TOTAL		56,376,309,243	44,651,993,914
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	6.1	16,471,195,666	13,675,063,097
Intangible Assets	6.1	100,555,000	-
Capital Work-in-Progress	6.1	11,802,897,083	12,048,002,011
Non-Current Investments	6.2	13,000,000	13,000,000
Deferred tax assets (Net)	6.3	-	(603,249,304)
Long-term Loans and Advances	6.4	98,578,953	179,565,431
Other Non-Current Assets	6.5	10,817,392,046	3,656,461,430
Current assets			
Inventories	7.1	1,037,702,003	1,224,745,587
Trade receivables	7.2	10,950,075,964	9,998,794,906
Cash and Bank Balances	7.3	2,875,155,310	2,926,592,028
Short-term Loans and Advances	7.4	89,160,565	1,260,869,643
Other Current Assets	7.5	2,120,596,654	272,149,086
TOTAL		56,376,309,243	44,651,993,914

Significant Accounting Policies & Notes to Financial Statements 1 to 38

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, Kumar Rajesh & Associates

FRN No. 006002C

Atal Singh Hanspal

Partner

Membership No. 079717

Place: Raipur (CG)

Date : 30 MAR 2013



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

Managing Director

Director

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH'2012

in Rs.

Particulars	Note	Current Year 31.03.2012	Previous Year 31.03.2011
INCOME			
Revenue From Operations (Gross)	8.1	48,098,781,191	42,706,657,418
Less: Excise Duty		-	-
Revenue From Operations (Net)		48,098,781,191	42,706,657,418
Other income	8.2	503,302,345	961,202,565
Total Revenue		48,602,083,536	43,667,859,983
EXPENDITURE			
Cost of Power Purchase	9.1	52,740,816,275	39,350,744,965
Employee benefits expense	9.2	19,698,752,324	5,619,239,449
Finance costs	9.3	828,598,220	691,370,488
Depreciation and amortization expense	6.1	1,301,453,658	1,114,317,589
Other expenses	9.4	1,780,124,620	2,125,530,071
Total expenses		76,349,745,096	48,901,202,563
Net Profit/(Loss) Before Income Recoverable from Future Tariff		(27,747,661,560)	(5,233,342,581)
Add: Income recoverable from Future Tariff (Refer Note No.23)		6,930,000,000	-
Net Profit/(Loss) Before Exceptional Items		(20,817,661,560)	(5,233,342,581)
Exceptional Items	10	-	7,213,195
Net Profit/(Loss) Before Prior Period Adjustment		(20,817,661,560)	(5,226,129,386)
Prior Period Income /(Expense)	11	91,685,696	(418,694,697)
Net Profit/(Loss) Before Tax		(20,725,975,864)	(5,644,824,083)
Tax expense			
(1) Current tax		-	-
(2) Deferred tax		(603,249,304)	168,616,486
(3) Income tax Arrears		-	-
Profit (Loss) for the period		(20,122,726,560)	(5,813,440,569)
Earnings per equity share:			
(1) Basic	12	(10.31)	(3.04)
(2) Diluted	12	(10.31)	(3.04)

Significant Accounting Policies & Notes to Financial Statements 1 to 38

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, Kumar Rajesh & Associates

FRN No. 006002C

Atal Singh Hanspal
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Place: Raipur (CG)

Date :

30 MAR 2013



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

Managing Director

Director

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

NOTE 3: SHAREHOLDER'S FUNDS

Note 3.1: SHARE CAPITAL

in Rs.

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
Authorised Shares				
Equity Shares of Rs.10 par value	2,300,000,000	23,000,000,000	2,300,000,000	23,000,000,000
Issued, Subscribed & Fully Paid Up				
Equity Shares of Rs.10 each	1,863,103,232	18,631,032,320	50,000	500,000
Total	1,863,103,232	18,631,032,320	50,000	500,000

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

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

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

Details of Shares Held by Holding Company

Particulars	Nature of Relationship	As at 31 March 2012	As at 31 March 2011
Equity Shares			
Chhattisgarh State Power Holding Co. Ltd.	Holding Company	1,863,103,232	50,000
		1,863,103,232	50,000

Reconciliation of the number of Shares Outstanding

Particulars	Equity Shares	
	As at 31 March 2012	As at 31 March 2011
	Number	Number
Shares outstanding at the beginning of the year	50,000	50,000
Shares Issued during the year	1,863,053,232	-
Shares bought back during the year	-	-
Any other movement (please specify)	-	-
Shares outstanding at the end of the year	1,863,103,232	50,000

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

Name of Shareholder	Equity Shares			
	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chhattisgarh State Power Holding Company Limited	1,863,103,232	100	50,000	100



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

Note 3.2: RESERVES & SURPLUS

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
a. GOCG Contribution towards cost of Capital Assets		
Balance as per last financial statements	1,818,929,875	2,848,593,144
Less: Amount of RGGVY Grant Transferred	-	1,921,412,945
Add: Received during the year	1,138,823,443	959,397,000
Less: Amortized during the year	107,651,492	67,647,324
	2,850,101,826	1,818,929,875
a. Consumer Contribution towards cost of Capital Assets		
Balance as per last financial statements	290,808,295	246,072,418
Add: Received during the year	150,777,112	68,542,766
Less: Amortized during the year	18,645,643	23,806,888
	422,939,764	290,808,295
b. Surplus		
Balance as per last financial statements	(8,763,703,362)	(2,950,262,794)
Profit for the year	(20,122,726,560)	(5,813,440,569)
Closing Balance	(28,886,429,923)	(8,763,703,362)
Total	(25,613,388,332)	(6,653,965,192)

Note 3.3: SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Share Application Money Pending Allotment	2,132,625,000	19,132,625,000
Total	2,132,625,000	19,132,625,000

- a. The Government of Chhattisgarh vide notification no.2020/F-21/13/09/13/2/ED dt.29th October'2010 has notified the opening balance sheet as on 01st January'2009 of CSPDCL (also refer note no.18), wherein, Government has proposed an equity share capital of Rs.1913.26 cr. Further, it has been stipulated that said equity shall be issued in favour of Chhattisgarh State Power Holding Co. Ltd
- b. As per the said notification, figures derived for opening balance sheet are from the unaudited balance sheet of erstwhile CSEB as on 31st December'2008 and are subject to audit by the Comptroller and Auditor General of India. Accordingly, opening balances notified by the government are subject to modifications, if any, arising during the course of statutory audit. Audit of erstwhile CSEB has been finalized by CAG during the month of 17th May'2012, however revision in opening balance sheet is yet to be notified by Government.
- c. Accordingly, Company has issued equity to the extent of Rs.1850.00 cr at face value of Rs.10 per share to CSPHCL and withheld balance of Rs.63.26 cr. as share application till final notification of opening balance.
- d. The State Government has infused an amount of Rs.150 cr. during FY 2011-12 as share application through CSPHCL against which, allotment has been made on 30.06.2012.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

NOTE 4: NON CURRENT LIABILITIES

Note 4.1: LONG TERM BORROWINGS

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Secured Loans		
Rupee Term Loan from Power Finance Corporation Limited <i>Refer Note A below for nature of security and terms of repayment</i>	453,460,866	411,215,616
Rupee Term Loan from Rural Electrification Corporation Limited <i>Refer Note B below for nature of security and terms of repayment</i>	1,738,821,556	761,654,785
<i>The charge/mortgage created against assets of the Company as securities in respect of the loans including debentures, taken by the erstwhile Chhattisgarh State Electricity Board, which are subsequently transferred to the Company on December 31, 2008 pursuant to the transfer scheme notified by the State Government, continues to be valid and binding on the Company.</i>		
Unsecured Loans		
Loans from State Government (including APDRP Loan) <i>(The above unsecured loan from Govt of Chhattisgarh is repayable in equated annual installment of Rs.29 cr. The applicable ROI is 8.9% per annum.)</i>	1,447,282,383	1,739,276,953
Loans from Chhattisgarh State Power Holding Company Limited <i>(The above unsecured loan from CSPHCL is repayable in 12 monthly installments commencing from 15th April'2013. The applicable ROI is Nil per annum.)</i>	1,172,056,634	1,531,234,557
Total	4,811,621,439	4,443,381,911

Nature of Security

A. Against Loan from Power Finance Corporation:

Term Loan from Power Finance Corporation amounting to Rs.45.35 crores (PY Rs.41.12 cr) (including current maturities) are secured by first charge in favour of the corporation by way of hypothecation on the newly financed assets under the project and part of existing asset.

B. Against loan from Rural Electrification Corporation:

Term loan from rural electrification corporation amounting to Rs. 173.88 cr. (PY Rs. 76.17cr.) are secured by way of Mortgage / Hypothecation of future assets so created out of loan amt sanctioned for the project subject to the value being 110% of the loan amount so sanctioned.

Terms of Repayment

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

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

Loan No.	ROI	Balance as at Mar'12
305-2010-3680	11% - 12.25%	10.48
305-2010-3701-4	11% - 12.25%	93.82
305-2010-3705-6	11.50% - 12.25%	14.59
305-2010-3765	12.25%	12.52
305-2010-3773	12.25%	4.22
305-2010-3775	12.25%	0.67
305-2010-4139	12.25%	13.90
305-2010-4149	12.25%	6.24
305-2010-4150	12.25%	13.03
305-2010-4241	12.25%	4.39
Total		173.88



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

Note 4.2: LONG TERM PROVISIONS

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Provision for employee benefits		
Provision For Pension & Gratuity	17,455,203,580	3,823,691,625
Total	17,455,203,580.22	3,823,691,625.22

NOTE 5: CURRENT LIABILITIES

Note 5.1: SHORT TERM BORROWINGS

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Secured		
Loans repayable on demand from Bank		
Cash Credit Limits:		
Bank of India, Raipur (A/c. No.935725110000001)	361,390,679	53,348,372
Bank of India, Raipur (A/c. No.935027110000035)	1,577,101	-
<i>(Against Hypothecation of stocks and Fixed Assets of the Company)</i>		
Overdraft Limit:		
Oriental Bank of Commerce	503,084,755	-
<i>(Against Lien on Fixed Deposits)</i>		
Union Bank of India	1,436,488	-
<i>(Against Lien on Fixed Deposits)</i>		
Total	867,489,023	53,348,372

Note 5.2: TRADE PAYABLES

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Trade Payables against Electricity, Stores and O&M Supplies	20,236,820,709	8,048,303,864
Total	20,236,820,709	8,048,303,864

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



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

Note 5.3: OTHER CURRENT LIABILITIES

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
a. Current Maturities of Long Term Debts		
Bonds	11,534,402	276,981,243
Debentures	78,078,276	78,078,276
Loans from State Government (including APDRP Loan)	291,994,570	292,749,896
Other Loans	2,914,488	2,914,488
	384,521,736	650,723,903
b. Interest accrued and due on borrowings	93,456,999	333,820,892
c. Interest payable on Consumer's Deposits	346,805,767	307,056,780
d. Other Payables		
Deposit Works	1,527,118,939	1,171,414,490
Deposits & Retentions from Contractors & Suppliers	329,107,158	1,201,808,279
Deposits from Consumers	9,869,239,355	7,354,075,784
Unspent Fund Under RGGVY Scheme	1,980,650,594	2,178,517,360
Other Liabilities including Employees Related Liabilities	441,240,516	378,298,099
Liability for Electricity Duty	757,840,794	682,783,612
Liability for Electricity Cess	28,683,011	71,792,055
Inter Company Payable Account		
Chhattisgarh State Power Holding Company Limited (Holding Co.)	758,116,784	193,513,655
	15,691,997,152	13,232,203,333
Total	16,516,781,654	14,523,804,907

Note 5.4: SHORT TERM PROVISIONS

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Provision for employee benefits		
Provision for DA Arrears	48,196,943	40,303,426
Provision for Ex Gratia	49,926,907	-
Contribution towards Pension and Gratuity Liability of Retired Employees	1,240,000,000	1,240,000,000
Total	1,338,123,850	1,280,303,426



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

NOTE 6: NON CURRENT ASSETS

Note 6.1: FIXED ASSETS

In Rs.

Particular	Gross Block				Accumulated Depreciation				NET BLOCK	
	Balance as at 1st April 2011	Additions	Deletions/Transfer*	Balance as at 31st March 2012	Balance as at 1st April 2011	Depreciation charge for the year	Deletions/Transfer*	Balance as at 31st March 2012	Net Block as at 31st March 2012	Net Block at 31st March 2011
Tangible Assets (Under Lease)										
Leasehold Land	9,181,884	4,997,487	-	14,179,371	1,631,186	472,944	-	2,104,130	12,075,241	7,550,698
Tangible Assets										
Land	15,113,193	(4,997,487)	-	10,115,706	-	-	-	-	10,115,706	15,113,193
Factory Buildings	79,347,651	3,844,499	-	83,192,150	24,314,219	2,649,302	-	26,963,521	56,228,629	55,033,432
Office Buildings	98,577,814	1,294,236	-	99,872,050	11,485,473	3,285,937	-	14,771,410	84,900,640	86,892,341
Residential & Other Buildings	123,859,466	-	-	123,859,466	42,738,621	4,136,904	-	46,875,525	76,983,941	81,120,845
Hydraulic Works	6,364,001	19,781	-	6,383,782	2,650,054	257,634	-	2,907,688	3,476,093	3,713,947
Roads & Others	12,076,120	480,025	-	12,556,145	1,090,718	1,415,067	-	2,505,785	10,050,360	10,985,402
Plant, Machinery & Equipments	6,266,089,047	1,749,064,596	-	8,015,153,644	2,389,404,920	365,330,091	-	2,754,735,011	5,260,418,632	3,876,684,127
Lines & Cable Networks	15,274,130,752	2,127,151,972	-	17,401,282,724	5,881,275,487	838,072,077	-	6,719,347,564	10,681,935,160	9,392,855,265
Furniture and Fixtures	16,926,391	1,559,194	-	18,485,584	11,088,485	831,907	-	11,920,392	6,565,192	5,837,906
Office Equipments	25,333,081	1,643,575	-	26,976,656	18,969,657	707,898	-	19,677,555	7,299,101	6,363,424
Vehicles	25,404,143	-	-	25,404,143	22,778,528	5,998	-	22,784,526	2,619,617	2,625,615
Others										
Computer (Hardware, Software & Peripherals)	250,790,741	199,293,186	(4,687,947)	445,395,980	120,503,840	66,542,899	(178,111)	186,868,627	258,527,352	130,286,901
Total (i)	22,202,994,284	4,084,351,063	(4,687,947)	26,282,657,401	8,527,931,188	1,283,708,658	(178,111)	9,811,461,735	16,471,195,666	13,675,063,097
Previous Year (i)	20,295,570,618	1,914,079,208	(6,655,542)	22,202,994,284	7,413,641,809	1,114,317,589	(28,210)	8,527,931,188	13,675,063,097	12,881,928,809

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

Note 6.1 (D): Intangible Assets

In Rs.

Particular	Gross Block				Accumulated Depreciation				NET BLOCK	
	Balance as at 1st April 2011	Additions	Deletions/Transfer	Balance as at 31st March 2012	Balance as at 1st April 2011	Amortization during the year	Deletions	Balance as at 31st March 2012	Net Block as at 31st March 2012	Net Block at 31st March 2011
License Fees for SAP software	-	118,300,000	-	118,300,000	-	17,745,000	-	17,745,000	100,555,000	-
Total (i)	-	118,300,000	-	118,300,000	-	17,745,000	-	17,745,000	100,555,000	-
Previous Year (i)	-	-	-	-	-	-	-	-	-	-

Note 6.1 (C): Capital Work in Progress

In Rs.

Particulars	Balance as at 31st March 2012	Balance as at 1st April 2011
Capital Work In Progress	11,802,897,083	12,048,002,011
Total	11,802,897,083	12,048,002,011
Previous Year	12,048,002,011	12,053,069,018



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

Note 6.2: NON CURRENT INVESTMENTS

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Investments in Debenture & Bonds - Un-Quoted & Fully paid Up		
Housing & Urban Development Corporation Limited (7 Units of Rs.10,00,000/- each)	7,000,000	7,000,000
Nuclear Power Corporation of India Limited (6 Units of Rs.10,00,000/- each)	6,000,000	6,000,000
Total	13,000,000	13,000,000
Aggregate Amount of Un-Quoted Investments	13,000,000	13,000,000

Note 6.3: DEFERRED TAXES

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Deferred Tax Assets:		
Disallowances u/s 40a of the Income Tax Act,1961	277,080	191,150
Disallowances u/s 40 A (7) of the Income Tax Act,1961	4,579,200,780	-
Unabsorbed Depreciation under Income Tax Act as at 31 st March'12	1,780,945,818	-
Carry Forward Business Loss Under Income Tax Act as at 31 st March'12	4,381,133,043	-
	10,741,556,721	191,150
However, deferred tax asset recognized only to the extent of deferred tax liability pursuant to accounting policy disclosed under note no 2 (w) of the Financial Statement	797,736,094	-
Deferred Tax Liabilities		
Depreciation	797,736,094	603,440,454
Net Deferred Tax Asset	-	(603,249,304)

Note 6.4: LONG TERM LOANS & ADVANCES

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Unsecured, Considered Good		
Loans and Advances against Capital Works	79,050,198	149,776,761
Loans and Advances to Employees	19,528,755	29,788,670
Less: Provision for doubtful advances	-	-
Total	98,578,953	179,565,431

Note 6.5: OTHER NON-CURRENT ASSETS

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Unsecured, Considered Good		
Deposits With Government & Others	273,856,116	274,031,116
Sundry Debtors- Tariff Adjustment Account (Regulatory asset)	6,930,000,000	-
Claim Receivable from Government of Chhattisgarh	966,000,023	966,000,023
Advance Income Tax including TDS (net of provision)	2,647,535,906	2,416,430,290
Total:	10,817,392,046	3,656,461,430



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

NOTE 7: CURRENT ASSETS**NOTE 7.1: INVENTORIES**

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Stores & Spares (Valued at purchase cost or net realizable value whichever is lower)	1,024,013,583	1,164,652,768
Scrap & Unservicable Material (Valued at purchase cost)	13,688,420	15,290,713
Add: Material Shortage/(Excess) pending investigation	50,736,343	44,802,106
Less: Provision for Material Shortage pending investigation	50,736,343	-
Total	1,037,702,003	1,224,745,587

NOTE 7.2: TRADE RECEIVABLES

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Trade receivables outstanding for a period less than six months Unsecured, considered good unless stated otherwise		
Unsecured, considered good	10,950,075,964	9,998,794,906
Unsecured, considered doubtful	2,837,606,412	2,837,606,412
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered doubtful	1,060,811,301	1,060,811,301
Less: Provision for doubtful debts	3,898,417,713	3,898,417,713
Total	10,950,075,964	9,998,794,906



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

Note 7.3: CASH & BANK BALANCES

	in Rs.	
Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Cash and cash equivalents		
a. Balances with Banks		
Balances with banks in Current Accounts	766,575,504	1,253,032,605
Deposits with Original Maturity of less than three months #	1,210,561,869	556,738,635
b. Postage Stamps	43,159	43,159
c. Cash in hand		
c. Cash in Imprest	1,119,599	1,091,140
d. Cash in transit	-	2,186,489
Total	1,978,300,131	1,813,092,028
a. Other Bank Balances		
Deposits with Original Maturity of more than three months but less than twelve months#	896,855,179	1,113,500,000
Total	896,855,179	1,113,500,000
Total	2,875,155,310	2,926,592,028

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

	in Rs.	
Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Against Overdraft Facilities	536,099,471	-
Against Letter of Credit	-	473,200,000
Total	536,099,471	473,200,000

Note 7.4: SHORT TERM LOANS & ADVANCES

	in Rs.	
Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Unsecured, Considered Good		
Others		
Advance to Suppliers	-	1,168,309,719
Loans & Advances To Employees	43,365,142	56,348,819
Prepaid Expenses	122,267	-
Others	45,673,156	36,211,105
	89,160,565	1,260,869,643
Less: Provision for doubtful loans and advances	-	-
Total	89,160,565	1,260,869,643

Note 7.5: OTHER CURRENT ASSETS

	in Rs.	
Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Interest accrued but not due on Fixed Deposits	82,458,513	17,974,905
Unbilled Revenue	417,191,529	308,287,246
Interest Accured-Staff Loans And Advances	-	43,689,222
Other Current Assets	227,402,428	257,715,086
Inter Company Receivable Account (Fellow Subsidiary)		
Chhattisgarh State Power Generation Co. Ltd.	382,464,767	(23,495,679)
Chhattisgarh State Power Transmission Co. Ltd.	841,987,135	(510,755,188)
Chhattisgarh State Power Trading Co. Ltd.	169,092,283	178,733,494
Total	2,120,596,654	272,149,086



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

NOTE 8: INCOME**Note 8.1: REVENUE FROM OPERATIONS**

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Sales of Services		
Industrial Power : High Tension	29,014,500,979	25,236,915,961
Low Tension Consumers including Industrial Medium & Low Voltage	14,950,125,256	10,820,306,280
Meter Rent/Service line rental	150,700,236	125,289,296
Other Receipts from Consumers	1,138,078,676	559,833,116
Interstate Sale including UI Charges	2,275,926,565	5,505,619,669
Total Sales	47,529,331,711	42,247,964,322
Other Operating Revenues:		
Wheeling Charges & Open Access	144,714,996	59,727,611
Delay Payment Surcharge	424,734,484	398,965,485
	569,449,480	458,693,096
Revenue From Operations (Gross)	48,098,781,191	42,706,657,418
Less: Excise Duty	-	-
Total	48,098,781,191	42,706,657,418

Note 8.2: OTHER INCOME

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Interest Income		
Interest on FDR	82,765,252	56,543,257
Interest on Advance to Contractors & Suppliers	60,153,922	1,342,552
Interest on Staff Loans & Advances	8,960,885	8,296,517
Interest on Other Loans & Advances	445,706	8,880,924
	152,325,765	75,063,250
Amortization of Capital Grant	126,297,135	91,454,212
Net Income from Sale of Scrap	34,110,252	3,658,789
Other Miscellaneous Income	160,625,636	404,429,098
Excess Provisions Written Back	29,943,557	386,597,216
Total	503,302,345	961,202,565

NOTE 9: EXPENSES**Note 9.1: COST OF POWER PURCHASE**

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
a. Power Purchase	44,837,284,907	35,930,158,337
Less: Rebate Claim on Power Purchase	294,744,614	201,185,391
	44,542,540,293	35,728,972,946
b. Transmission Charges	8,198,275,981	3,621,772,019
Total	52,740,816,275	39,350,744,965



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

Note 9.2: EMPLOYEE BENEFIT EXPENSES

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Salaries and incentives:		
Salary & Wages	4,882,276,050	4,421,158,966
Other Staff Costs	72,158,218	71,464,565
Earned Leave Encashment to Retired Employees	122,202,411	66,131,868
Gratuity & Pension	14,712,200,000	1,240,000,000
Contribution to Provident Fund & Other Funds	60,173,940	52,044,124
Staff Welfare Expenses	170,932,243	57,050,632
	20,019,942,863	5,907,850,156
Less: Employee Cost Capitalized	321,190,539	288,610,707
Total	19,698,752,324	5,619,239,449

Note 9.3: FINANCE COSTS

Particulars	in Rs.	
	Current Year 31.03.2012	Previous Year 31.03.2011
Interest expense:		
Interest on State Government Loan	167,370,743	192,688,982
Interest on Loan from CSPHCL	-	29,943,557
Interest on Bonds	3,432,306	18,588,664
Interest on Debentures	10,726,030	10,696,724
Interest on PFC Loan	42,245,250	42,245,250
Interest on REC Loan	107,086,908	60,752,727
Interest on Security Deposit from Consumers	413,249,672	331,258,208
Interest on Working Capital Loan	99,702,273	23,969,110
Bank Charges	27,030,288	23,472,517
	870,843,470	733,615,738
Less: Interest & Finance Charges Capitalized	42,245,250	42,245,250
Total	828,598,220	691,370,488



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

Note 9.4: OTHER EXPENSES

in Rs.

Particulars	Current Year	Previous Year
	31.03.2012	31.03.2011
Rent,Rates & Taxes	39,550,542	84,079,990
Insurance	381,701	357,163
<i>Repairing & Maintenance:</i>		
Plant & Machinery	778,391,860	785,644,581
Building & Civil Works	58,854,006	54,358,339
Others	32,733,311	20,516,691
Electricity Charges (Office & Other Consumption)	119,585,088	81,646,565
Legal & Professional Charges	48,655,916	76,654,195
Meter Reading & Other Merchandising Service Contracts	349,391,478	385,492,687
Vehicle Running, Hiring and Maintenance	110,525,598	109,937,977
A & G Expenses of CSPHCL	103,913,910	111,012,001
Provision for Shortages in Inventory	50,736,343	-
Provision for bad & doubtful debts	-	361,825,115
Other Miscellaneous Expenses	115,211,335	81,181,173
Auditor's Remuneration		
Statutory Audit Fees	252,810	252,810
	1,808,183,898	2,152,959,287
Less: Repairs & Maintenance Capitalized	9,493,971	2,652,420
Less: Administration & Other Expenses Capitalised	18,565,307	24,776,795
Total	1,780,124,620	2,125,530,071

Note 10 : Exceptional items

in Rs.

Particulars	Current Year	Previous Year
	31.03.2012	31.03.2011
Profit on Sale of Fixed Assets	-	7,213,195
Total	-	7,213,195

Note 11 : Prior Period Income /(Expenses)

in Rs.

Particulars	Current Year	Previous Year
	31.03.2012	31.03.2011
Income:		
Excess Provisions pertaining to previous years written back	169,640,262	34,753,878
Receipts From Consumers	-	30,432,648
	169,640,262	65,186,526
Expenses:		
Power Purchase	10,247,780	434,830,517
Depreciation	875,434	-
Administrative Expenses	-	537,321
Employee Costs	17,039,856	27,250,242
Interest & Oth. Finance Charges	45,029,430	7,253,951
Other Charges	4,762,067	14,009,192
	77,954,567	483,881,223
Net Prior Period Income/(Expense)	91,685,696	(418,694,697)



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

Note 12: EARNINGS PER SHARE

in Rs.

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Net Profit/(Loss) as per Profit & Loss Account available for Equity Shareholders	(20,122,726,560)	(5,813,440,569)
Weighted Average number of Ordinary Share Outstanding	1,859,956,151	50,000
Add: Weighted Average number of Potential Equity shares on account of Share Application Money	91,002,226	1,913,262,500
Cumaltive Weighted Average number of Ordinary Share Outstanding for Basic EPS		
1. For Basic Earnings per Share of Rs. 10 each	1,950,958,377	1,913,312,500
2. For Diluted Earnings per Share of Rs 10 each	1,950,958,377	1,913,312,500
Earnings per Share		
Basic	(10.31)	(3.04)
Diluted	(10.31)	(3.04)



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR 2011-12

	Current Year 2011-12 Amount in Rs.	Previous Year 2010-2011 Amount in Rs.
Cash flow arising from Operating Activities		
Net Profit before Tax and Exceptional items as per Statement of Profit and Loss:	(27,747,661,560)	(5,233,342,581)
Add / (Deduct) :		
Depreciation and Amortisation expenses	1,302,329,092	1,114,317,589
Interest Income	(82,765,252)	(56,543,257)
Interest Expenses	330,861,237	354,915,904
Operating cash profit before working capital changes	(26,197,236,483)	(3,820,652,346)
Add / (Deduct) :		
Increase / (Decrease) in Short Term Borrowing	814,140,651	53,348,372
Increase / (Decrease) in Trade Payables	12,188,516,845	5,300,584,233
Increase / (Decrease) in Other Current Liabilities	1,992,976,746	3,751,800,876
Increase / (Decrease) in Short Term Provisions	57,820,425	619,270,266
(Increase) / Decrease in Inventories	187,043,584	(48,309,369)
(Increase) / Decrease in Trade Receivable	(951,281,058)	1,110,037,203
(Increase) / Decrease in Short Term Loans & Advances	1,171,709,078	54,326,300
(Increase) / Decrease in Other Current Assets	(1,631,802,747)	1,090,220,856
Cash generated from operations	(12,368,112,959)	8,110,626,391
Direct Taxes	-	-
Cash flow before considering Income Recoverable from Future Tariff	(12,368,112,959)	8,110,626,391
Add: Income Recoverable from Future Tariff	6,930,000,000	-
Cash flow before prior period adjustments	(5,438,112,959)	8,110,626,391
Add: Prior Period Income/(Expense)	91,685,696	(418,694,697)
Net Cash Flow before Exceptional Items	(5,346,427,263)	7,691,931,694
Add: Exceptional Items (Net Expenses)	-	7,213,195
Net Cash flow from operating activities after Exceptional Items	(5,346,427,263)	7,699,144,889
Add / (Deduct) :		
(Increase) / Decrease in Long Term Loans & Advances	80,986,478	(179,565,431)
Increase / (Decrease) in Other Long term Borrowings	368,239,528	1,207,175,851
Increase / (Decrease) in Other Long term Provisions	13,631,511,955	(1,540,545,640)
(Increase) / Decrease in Other Non Current Assets	(7,160,930,616)	(27,807,005)
Net Cash Inflow/(outflow) in the course of operating activities after exceptional items and after adjustment of Other Non Current Assets & Liabilities	1,573,380,082	7,158,402,664
Cash flow arising from Investing Activities		
Inflow:		
Sale of fixed assets	3,634,402	6,627,332
Interest Income	82,765,252	86,399,654
Outflow:		
Acquisition of fixed assets	(4,202,651,063)	(1,914,079,208)
Net Investment in Capital WIP	245,104,928	(2,716,695,384)
Sale/(Addition) of Investment	-	57,331,067
Net Cash inflow/ (Outflow) in the course of Investing Activities	(3,871,146,481)	(4,510,272,936)
Cash flow arising from Financing Activities		
Inflow :		
Increase in Equity Capital (net of reduction in share application money pending allotment)	1,630,532,320	-
Increase/(Decrease) in Consumer contribution towards cost of capital asset	132,131,469	(1,029,663,269)
Increase/(Decrease) in COCG contribution towards cost of capital asset	1,031,171,951	44,735,878
Outflow :		
Interest Paid	(330,861,237)	(354,915,903)
Net Cash from Financing Activities	2,462,974,503	(1,339,843,294)
Net increase in Cash and Cash Equivalents (A+B+C)	165,208,103	1,308,286,434
Cash & Cash Equivalents (Opening)	1,813,092,027	504,805,593
Cash & Cash Equivalents (Closing)	1,978,300,130	1,813,092,027

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

Atal Singh Hanspal
Partner
Membership No. 079717
Place: Raipur (CG)
Date:

13 0 MAR 2013



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

Managing Director

Director

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

1. Corporate Information

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

2. Significant Accounting Policies

a. Basis of Preparation of Financial Statements

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

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

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

Change in accounting policy:

- **Presentation and disclosure of financial statements:**
During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The previous year figures are reclassified in accordance with the requirements applicable in the current year.
- **Recognition of Regulatory Asset:**
Revenue includes revenue gaps (i.e. surplus/ shortfall in actual returns over assured returns) based on the principles laid down under the relevant tariff regulations/ tariff orders notified by the Chhattisgarh State Electricity Regulatory Commission. In respect of revenue gaps, appropriate adjustments are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These accruals representing Income Recoverable from future tariff, in accordance with the electricity regulation and regulator, are carried forward as Tariff Adjustment Account under 'Sundry Debtors'.
- **Recognition of Pension and Gratuity Liability:**
Company has changed its accounting policy of providing pension and gratuity liability on cash basis to mercantile basis and accordingly has provided its share of deficit amounting to Rs.1347.22 cr. in the current year profit and loss account.



b. Going Concern Concept

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

c. Use of Estimates

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

d. Consistency Concept

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

e. True and fair Presentation

Accounts of the Company present a true and fair view of the financial position and results of operations of the Company. True and fair view implies the disclosure of all information necessary for a reader's understanding of the financial position and results of operations of the Company. Additional information in the accounts or by way of notes is given where it is necessary to ensure true and fair presentation.

f. Offsetting of Assets and Liabilities

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

g. Events Occurring after the Balance Sheet Date:

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

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

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

h. Revenue Recognition:

Mercantile method of accounting is employed unless otherwise specifically stated. However, where the amount is immaterial /negligible and/or establishment of accrual/ determination of amount are not possible, no entries are made for the accrual. Electricity duty and cess recovered



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2012

from consumers and forwarded to the Government is neither a cost nor an income to the Company and so the same has been kept out of the revenue account altogether.

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

i. Fixed Assets:

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

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

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

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

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

j. Impairment of Assets

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

k. Investment:

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

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

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



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

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

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

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

m. Expenditure on Project identification Survey and Feasibility Studies:

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

n. Depreciation:

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

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

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

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

o. Inventories:

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

Accounting for all materials transactions are in the same period in which the physical event of receipts and issues etc has taken place. Similarly, liability for all materials received and accepted



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

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

p. Intangible Assets:

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

q. Retirement Benefits:

(i) Short Term Employee Benefits

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

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

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

r. Borrowing Cost:

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

s. Provisions, Contingent Liabilities and Contingent Assets:

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

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



t. Foreign Currency Transaction:

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

u. Prior Period Items and Extra-Ordinary Items

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

v. Earning per Share

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

w. Provision for Current and Deferred Tax:

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

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

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



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

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

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



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

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

Sl. No.	Assessment Year	Gross Tax Liability demanded in Crores	Authority before which case is pending
1	2003-04	277.38	Pending before Hon'ble High Court of Chhattisgarh & Appellate Tribunal, Mumbai
2	2006-07	272.27	Pending before Income Tax Appellate Tribunal (ITAT), Mumbai
3	2008-09	92.19	Pending before Commissioner of Income Tax (Appeals), Raipur
4	2009-10	254.02	Pending before Commissioner of Income Tax (Appeals), Raipur

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

- c. The Jurisdictional Assistant Commissioner of Income Tax has raised a tax demand of 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 cr. The company is in process of preferring appeal against the said order of CIT (A) to Income Tax Appellate Tribunal.
- d. The company has lodged claim of Rs.7.98 lacs and Rs.1.91 lacs against M/s. Dausa Transformers Udyog, Jaipur and M/s. United Electricals & Engg. (P) Ltd., Beharampur against supply of inferior quality transformers. The suppliers have deposited the claim amount however has contested for arbitration against the said claim. The arbitration tribunal comprising of Shri N.K. Sharma Retd. ED (MPSEB) Jabalpur, Shri A.K. Shrivastava, Retd. CE (Gen) CSEB, Raipur and Shri T.R. Sakar, (Rtd. Member-Generation) issued arbitration award in favour of transformer manufacturers. The one sided arbitration award has been challenged by CSPDCL in District Court of Raipur of which decision is pending till date.



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

- e. Petition No. 33/11 (M) is pending before Hon'ble CSERC against excess amount recovered from H.T. consumer in terms of demand charges by shifting the billing cycle of H.T. Consumer, the quantum of liability involved amounts to Rs.1,17,81,773/-. The matter is contested by the company and is pending for disposal by the said authority.
- f. Appeal No. 12/2012 is pending before Hon'ble Appellate Tribunal for Electricity, New Delhi against minimum charges recovered from M/s Aditya Cement after issuance of 3 month notice, the quantum of liability involved amounts to Rs. 81,51,650/-. The matter is contested by the company and is pending for disposal by the said authority.
- g. Petition No. 02/2012(M) is pending before Hon'ble CSERC against Refund towards minimum charges in respect of M/s Sarda Energy & Minerals Ltd., the quantum of liability involved amounts to Rs. 1,84,552/-. The matter is contested by the company and is pending for disposal by the said authority.
- h. Actuarial valuation of pension and gratuity liability of all successor companies of CSEB is being undertaken by CSPHCL for and on behalf of other companies. Share of liability of individual successor company is apportioned in the ratio of number of employees which has been objected by CSPDCL since employee expense ratio provides more appropriate basis for apportionment of liability. CSPDCL has recognized pension and gratuity liability of Rs.1347.22 cr. determined on the basis of employee expense ratio. The matter is under correspondence stage with CSPHCL and other successor companies and in case the plea of CSPDCL is not agreed, an additional liability of Rs.286.98 cr. will have to be recognized.
- i. CSPGCL has raised supplementary power bill amounting to Rs.1.03 cr. during FY 2010-11, the same has not been recognized by CSPDCL in their accounts pending resolution of other reconciliation matters. Also reimbursement claim of registration fees amounting to Rs.10.00 lacs during FY 2011-12 has not been admitted by CSPDCL on the same ground. The matter is under correspondence stage.
- j. Outstanding Letter of Credit against Power Purchase as on 31st March'12 is Rs. Nil (PY Rs.47.31 cr.)

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

- a. Legal notice dt.12.05.2008 was served on M/s. Accurate Transformer Limited, New Delhi towards recovery of Rs.12.34 crores towards penalty and Rs.0.12 crores towards CPRI testing charges for supply of substandard 135 nos. of 3.15 MVA & 5 MVA of 33/11 KV power transformers. The firm vide letter dated 31.07.08 denied any liability and requested for arbitration intimating that they will appoint their arbitrators by 08.08.2008. The firm has however not appointed any arbitrator till date. Further the company (or erstwhile board) has forfeited permanent security deposit of Rs.5.00 lacs and has withheld their bills of Rs.31.05 lacs. The Hon'ble High Court Bilaspur has appointed Mr. VK Agrawal, Retd. Justice of High Court of Jabalpur as arbitrator and thereafter one hearing on 19th May'2012 has been held in the matter. The matter is due for final disposal by the said authority.
- b. The company sales electricity to Chhattisgarh State Power Distribution Company Limited (CSPDCL) and the latter than bill CSPGCL for the electricity consumed by its offices and employees. CSPDCL has deducted an amount of Rs.14.94 cr. from the supply bills against the electricity consumed by CSPGCL Likewise an amount of Rs.3.79 cr. has been deducted by



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

CSPDCL towards share of expenses incurred by CSPGCL during transition period on EITC (Energy Info-tech Centre) which is rendering services to all successor companies on SAP. The said claim has not been accepted by CSPGCL on the grounds of cash flow mechanism laid down during the transition period. The matter is under correspondence stage.

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

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

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

- d. The company has filed an appeal before the Hon'ble Supreme Court vide appeal no. 5683 to 5685 of 2010 towards refund of POC claim of Rs.1.53 cr. from M/s Salasar Steel & Power Ltd. Raigarh in place of cross subsidy charges, the matter is pending for final disposal.
- e. The company has filed an appeal before the Appellate Tribunal for Electricity, New Delhi vide appeal no. 47/2011 towards vigilance recovery of Rs.5.31 lacs from M/s ISA Power towards Temporary connection, the matter is pending for final disposal.
- f. Bills had been raised towards cross subsidy surcharge against 06 nos. CPP for an amount of Rs. 26.57 cr. The finance department of CSPDCL has recommended for adjusting Rs. 3.47 cr from the bills of the CPP generators. The generators have filed appeals before the CSERC/High Court/Supreme court, and therefore company has restrained itself to adjust the remaining amount till the final decision from the courts.

15. Restructuring of Chhattisgarh State Electricity Board:

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



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

Distribution Company Ltd (CSPDCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Power Trading Company Limited (CSPTCL) and Chhattisgarh State Power Holding Company Limited (CSPHCL).

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

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

16. Appointed Date:

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

17. Absorption of Expenses of CSPHCL:

As per Schedule V Part II para (a) (v) of the transfer scheme all expenses incurred by the Holding Company including Administration and General expenses, legal and consulting fees, etc. shall be shared by Generation Company, Transmission Company, Distribution Company and Trading Company in the ratio of their respective equity, accordingly net expenses of CSPHCL after offsetting income has been absorbed by other successor companies as per the provision of transfer scheme rules. CSPDCL has been charged Rs.10.39 cr (PY 11.10 cr) as their share of expenses allocated from CSPHCL, the same has been included in “Other Expenses” in Note No.9.4 of the Statement of Profit and Loss Account.

18. Opening Balances transferred pursuant to transfer scheme:

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

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



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

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

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

19. Provisional allocation of Personnel pursuant to Transfer Scheme:

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

20. Final Absorption of Personnel in Transferee Company

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



21. Employees Retirement Benefit

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

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

23. Revenue includes revenue gaps (i.e. surplus/ shortfall in actual returns over assured returns) based on the principles laid down under the relevant tariff regulations/ tariff orders notified by the Chhattisgarh State Electricity Regulatory Commission. In respect of revenue gaps, appropriate adjustments are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These accruals represent "Income Recoverable from future tariff in accordance with the electricity regulation" and are carried forward as "Tariff Adjustment Account under the 'Sundry Debtors'". CSERC vide para no. 6.314 & 6.315 and table no.163 of its tariff order for the year 2012-13, has allowed revenue deficit of Rs.693 cr pertaining to FY 2011-12 to be carry forward (for period not beyond three years commencing from FY 2013-14) for adjustment against tariff of subsequent financial year/ years. Accordingly, the company has credited its Profit and Loss Account by Rs.693 cr. and debited Sundry Debtors under 'Non-Current Assets' to that extent.

24. Pursuant to cash system of accounting followed for surcharge on HT consumer, the company has reversed Rs.150.92 crore (PY 120.28 cr) from the "other operating revenue" and has reduced sundry debtors for HT Consumer to that extent.

25. Estimated value of contracts remaining to be executed on capital accounts: The Company is in the process of ascertaining the estimated amounts due and remaining to be executed on capital contracts for the financial year 2011-12.

26. Quantitative Details of Purchases and Sales of Energy in MUs and Rs in Lacs:

Energy Purchased and Sold	Purchases		Sales	
	In MU	Rs. In Crores	In MU	Rs. in Crores
FY: 11-12	19979	4483.77	13983	4752.93
FY: 10-11	19136	3593.02	13219	4224.80

27. Managerial Remuneration:

Details	2011-2012 (Rs.)	2010-2011 (Rs.)
Salary & Allowances	7,99,603/-	47,562/-
Other Benefits	-	-
Total	7,99,603/-	47,562/-



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

28. Being a State Government Company, the company has not entered into any transaction with any company that are covered under sub section 1(B) of section 370 of the Companies Act' 1956.
29. Expenditures/Earnings in foreign currency: Rs. Nil
30. Balances of State Government Loan, Bonds and Debentures, Loans and Advances (assets and liabilities) and Sundry Creditors are subject to confirmation and reconciliation.
31. The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Subject to the notes regarding depreciation, other notes and the method of accounting followed by the Company, provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.
32. Balance Sheet, Profit & Loss Account and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under Revised Schedule VI of the Companies Act, 1956 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.
33. In the absence of necessary schedules of suppliers and contractors during the period, relevant disclosures of Micro, Small & Medium Enterprises covered under Micro, Small & Medium Enterprises Act, 2006 could not be compiled and disclosed.
34. The Public Works Department of the Government of Chhattisgarh vide order no.1136/18/2011 dt.22nd February'2011 had instructed all Municipal Corporation to settle their old outstanding arrears of CSPDCL amounting to Rs.51.95 cr. (including surcharge) under one time settlement scheme wherein Rs.15.96 cr. has been allowed to be waived off on condition that all dues from the settlement date are paid by the beneficiary within the stipulated time and waiver of arrears are allowed to adjusted only after 31st March'12, accordingly, write off in the outstanding debtors will be affected only in the year of approval/ adjustment i.e. FY 2012-13.
35. The Company is a state government undertaking engaged in the only in one activity i.e. 'Distribution of Electricity'. Hence Segment Reporting is considered not applicable.
36. As per CSERC MYT Regulations, 2010 the Commission (CSERC) has allowed a provision for writing off of bad and doubtful debts to distribution licensee. A normative provision 1% of yearly revenue from the retail supply business is being allowed as bad and doubtful debt subject to actual writing off of bad and doubtful debts in the previous year, however since no debt has been written off during the year, hence no provision for bad and doubtful debts has been created.
37. In view of paragraph 9 of AS-18, no disclosure is required as regards related party relationships with other state controlled enterprises and transaction with such enterprises. Other disclosures as required by AS-18 are as under:

Remuneration paid to directors including Managing Director:

Name of Related Party	Nature of relationship	2011-12 (Rs.)	2010-11 (Rs.)
Shri Subodh Kumar Singh	Managing Director/ Key Management Person	-	-
Shri Santosh Dhar Diwan	Director (O&M)	7,99,603/-	-



CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
Notes to financial statements for the year ended 31st March, 2012

38. In compliance of accounting standard relating to "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India, in the absence of virtual certainty, the company has recognized deferred tax asset arising out of timing differences on account of unabsorbed depreciation, carry forward losses, and disallowances under the Income Tax Act only to the extent of deferred tax liability amounting to Rs.79.77 cr. The quantum of un-recognized DTA as at 31st March'12 is Rs.994.39 cr. The detail calculation is provided in table given below:

Sl. No.	Particulars	Amount (Rs.)	Amount (Rs.)
I	Deferred Tax Liability:		
A	Opening balance of Deferred Tax Liability as on 01.04.2011		60,34,40,454
B	Depreciation as per Income Tax Act		
C	Depreciation as per Companies Act	1,87,30,79,547	
D	Net timing difference arising due to higher depreciation claimed under the Income Tax Act (D=B-C)	1,30,14,53,658	
E	Deferred Tax Liability @ 33.99% of (D)	57,16,25,889	
F	Total Deferred Tax Liability recognised as on 31.03.2012 (F=A+E)		19,42,95,640
II	Deferred Tax Asset:		
A	Opening balance of Deferred Tax Asset as on 01.04.2011		1,91,150
B	Disallowance of Statutory Audit Fees U/s. 40a	2,52,810	
C	Pension & Gratuity disallowed u/s. 40 A 7 of Income Tax Act	13,47,22,00,000	
D	Unabsorbed Depreciation under Income Tax Act as at 31 st March'12	5,23,96,16,999	
E	Carry Forward Business Loss Under Income Tax Act as at 31 st March'12	12,88,94,76,319	
F	Net timing difference arising out of above adjustments (F=B+C+D+E)	31,60,15,46,128	
G	Deferred Tax Asset @ 33.99% of (F)		10,74,13,65,529
H	Total Deferred Tax Asset to be recognised as on 31.03.2012 (F=A+G)		10,74,15,56,679
I	However, deferred tax asset recognized only to the extent of deferred tax liability pursuant to accounting policy disclosed under note no 2 (w) of the Financial Statement		79,77,36,094
	Net Deferred Tax Asset as at 31.03.2012		-

39. The financial statements for the year ended 31st March'2011 had been prepared as per then applicable, pre-revised Schedule VI of the Companies Act'1956. Consequent to notification of Revised Schedule VI under the Companies Act'1956, the financial statement for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of Revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report attached

For, Kumar Rajesh & Associates
 FRN No. 006002C

Atal Singh Hanspal

Atal Singh Hanspal
 Partner

Membership No 079717

Date : 30 MAR 2013



For, Chhattisgarh State Power Distribution Company Limited

[Signature]
 Managing Director

[Signature]
 Director

KUMAR RAJESH & ASSOCIATES

Chartered Accountants

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

AUDITOR'S REPORT

To
The Members of
M/S CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED
RAIPUR (C.G.)

- 1) We have audited the attached Balance Sheet of **CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED** as at 31st March 2012 and also the statement of Profit and Loss Account and cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matter specified in paragraphs 4 & 5 of the said order.
- 4) **Major comments and observations based on our audits which in our opinion are significant and required provisions in the financial statements in certain cases mentioned herein. The net aggregate impact of non-provision on the loss for the year and/or on the value of assets/liabilities is Rs.150.92 Crore and in other case as state in para a below may possibly be material though unascertainable. The distinguished reasons have been mentioned in our note below:**
 - a. **Whereas attention is invited to Note no.2 (a) (Recognition of Regulatory Asset), 2 (h) and 23 of the Financial Statement wherein Company has recognized revenue gap (i.e. shortfall in actual returns over assured returns) based on the principle laid down under the relevant tariff regulations/ orders notified by the Chhattisgarh State Electricity Regulatory Commission. These accruals represent "Income Recoverable from future tariff in accordance with the electricity regulation" and are carried forward as "Tariff Adjustment Account under the 'Sundry Debtors'". CSERC vide para no. 6.314 & 6.315 and table no.163 of its tariff order for the year 2012-13, has allowed revenue deficit of Rs.693 cr pertaining to FY 2011-12 to be carry forward (for period not beyond three years commencing from FY 2013-14) for adjustment against tariff of subsequent financial year/ years. Accordingly, the company has credited its Profit and Loss Account by Rs.693 cr. and debited Sundry Debtors under 'Non-Current Assets' to that extent.**



- b. *Company has provided its share of deficit of pension & gratuity liabilities amounting to Rs. 1347.22 Crores, as per Actuarial Valuation carried out for 31st March'11, (Refer Note No. 21 of the financial statement). It has been informed that actuarial valuation for pension & gratuity liabilities as at 31st March'2012 is still under process, the incremental liability as on the balance sheet date i.e. 31st March'12 is therefore unascertainable, and accordingly there is an understatement of loss with corresponding understatement of liability to that extent and non compliance of Accounting Standard 15 issued by ICAI regarding "Employee Benefits".*
- c. *Company has adopted cash system for accounting of earned leave encashment to its retiring employees which in our opinion is not in accordance with mandatory Accounting Standard 15 issued by ICAI regarding "Employee Benefits". In the absence of necessary information, the quantum of such liability as at 31st March'2012 is indeterminate.*
- d. *Company has adopted cash system for accounting of delay payment surcharge from High Tension Consumers which in our opinion is not in accordance with mandatory Accounting Standard 9 issued by ICAI and accordingly, there is an overstatement of loss with corresponding understatement of debtors to the tune of Rs.150.92 cr. (Also refer note no. No. 24 of the financial statement)*
- e. *Pursuant to disclosure under note no.30 of the financial statement, balances of State Government Loan, Bonds and Debentures, Loans and Advances (assets and liabilities) and Sundry Creditors are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non recovery or partial recovery of such dues is not ascertained. Thus we are unable to comment upon the impact thereof on the accounts and the loss for the period.*
- f. *Bank balances includes bank account maintained at Regional Accounting Offices, the same are subject to reconciliation.*

- 5) Further to our comments in the annexure referred to in paragraph (3), we report as follows:-
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from examination of these books;
- iii) The Balance Sheet, Profit & Loss account and Cash flow statement is in agreement with the books of account as submitted to us;
- iv) In our opinion, and **subject to Para 4** the Balance Sheet, Profit & Loss account and Cash flow statement complies with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- v) The company being a Government company, in view of the Notification No. GSR 829(E) dated 21/10/2003, issued by the Government of India, the provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said statements of account Subject to Notes & Schedules attached thereto give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view:



- (a) In so far as it relates to the Balance Sheet of the State of Affairs of the Company as at 31st March, 2012;
- (b) In so far as its relates to the Profit and Loss of the Loss of the company for the year ended on that date.

And

- (c) In so far as its relates to the Cash flow Statement of the cash flow of the company for the year ended on that date.

For, **KUMAR RAJESH & ASSOCIATES**
CHARTERED ACCOUNTANTS FRN 006002C



A handwritten signature in blue ink, appearing to read "Atal Singh Hanspal", written over a horizontal line.

PLACE: RAIPUR

DATE :

15 MAR 2013

ATAL SINGH HANSPAL
PARTNER
MEM.NO. 079717

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE TO THE MEMBERS

- i) (a) The Company has maintained records showing location wise details fixed assets. **However, quantitative details are not mentioned in the fixed asset register.**
(b) The management has explained that physical verification of fixed asset is a perpetual process undertaken at divisional and sub-divisional level. **As the relevant records for the physical verification were not produced before us for our review, we are not in a position to comment thereon.**
(c) As explained to us, the company has not dispose off any substantial part of its fixed asset during the year so as to affect its going concern status.
- ii) (a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at respective stores.
(b) Based on our test check, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business;
(c) Based on our test check, the company is maintaining proper records of inventory and discrepancies, if any, found during the course of physical verification has been properly dealt with by the management;
- iii) (a) As explained to us the company has not granted any loan either secured or unsecured to Companies, firms and other parties covered in the register maintained under section 301 of Companies Act, 1956. In the view of the (a) above, sub-clauses (b) (c) and (d) are not applicable.

(e) In our opinion and according to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of Companies Act, 1956. In the view of (e) above, sub-clauses (f) and (g) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of electricity and services. **However, the internal controls for the maintenance and supervision of the party-wise and age-wise details of liabilities and assets and settlement of advance payment to contractor/ supplier need to be strengthened.**
Further, on the basis of our test check carried out in accordance with the auditing standard generally accepted in India of books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- v) (a) As per the information and explanations given to us Based on the legal opinion obtained by the company, the transaction pursuant to these contract and / or arrangement are not falling under the provision of section 301 of Companies Act, 1956 and accordingly these transactions are not entered into Register maintained under section 301 of Companies Act,1956. The company has not entered into any such transactions that are required to be entered into the register in pursuant of section 301 of the Act.
(b) In the view of (a) above, sub-clause (b) is not applicable.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provision of the Companies Act, 1956, rules framed there under.



- vii) The company does not have a formal internal audit system however the Management has explained that the company has a system in place for internal controls and check on the maintenance of accounts and operations of the company. The management has further explained that in order to supplement the internal audit system, Revenue Leakage Audit for the period under review was outsourced to professional firms and Expenditure Audit has been done internally, however, after the same has been conducted after the balance sheet date. The management is in the process of studying the observation made in such reports. In our opinion and considering the size and geographical location of the offices of the company, the internal audit function especially substantial part of revenue leakage audit should be completed and placed for verification before finalization of statutory audit.
- viii) ***The company is yet to prepare books of account required to be maintained pursuant to the rules made by the central Government of the India, for the maintenance of cost record under clause (d) of sub section (1) of sec. 209 of the Companies Act 1956.***
- ix) (a) According to the information and explanations given to us in respect of statutory and other dues. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor's education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess and other statutory dues as applicable to it. According to the information and explanation given to us, no undisputed amount payable in respect of above statutory dues, were in arrears as at 31st March 2012. For a period of more than six months from the date they became payable.
- (b) ***Except and otherwise, contingent liability stated in Note no. 13 of the notes to financial statement*** there are no dues of CSPDCL for Custom Duty, Wealth Tax, Service Tax and Cess, which have not being deposited on account of any dispute.
- x) ***The accumulated losses are more than the net worth of the Company and Cash Losses have been incurred in the current and previous financial years.***
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank in respect of the existing loans, which are originally raised by the company or the erstwhile board.
- xii) In our opinion and according to the information given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provision of any statues applicable to chit fund, nidhi and mutual benefit funds/ societies is not applicable to the company.
- xiv) In our opinion and according to information and explanation to us the company is not dealing of trading in shares, securities, debentures or other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) On the basis of records examined by us, and relying on the information compiled by the company for co-relating funds raised for the end use of the Term loan, the Company has, prima-facie, applied the loans for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us, and overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- xviii) Based on a legal opinion obtained by the company, the provisions of section 301 of the Companies Act, 1956 are not applicable to the company. In view of the above, this clause is not applicable.



- xix) The liabilities under debenture/bonds have been transferred to CSPDCL on restructuring erstwhile CSEB. As informed by the management, bonds and debentures are issued by erstwhile MPEB which was allocated to erstwhile CSEB on reorganization of the state of Madhya Pradesh. As informed by the management, these bonds/debentures are secured against guarantee of Government Madhya Pradesh.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) We have informed that the vigilance department of the company is regularly investigating frauds and other irregularities involved in the company's transaction. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For, **KUMAR RAJESH & ASSOCIATES**
CHARTERED ACCOUNTANTS FRN 006002C




ATAL SINGH HANSPAL
PARTNER
MEM.NO. 079717

PLACE: RAIPUR

DATE : 15 FEBRUARY 2013