

CHHATTISGARH STATE POWER HOLDING
COMPANY LIMITED

ANNUAL REPORT

FINANCIAL YEAR 2018-19



INDEPENDENT AUDITORS' REPORT ON STANDALONE IND AS FINANCIAL STATEMENTS

To,
The Members,
Chhattisgarh State Power Holding Company Limited,
Raipur (C.G.)

Report On the Standalone Ind AS Financial Statement

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Chhattisgarh State Power Holding Company Limited** ("The Company") which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, total comprehensive income, changes in equity and its cash flow for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- a. Balances due to Micro & Small Enterprises and its related disclosures which is required to be disclosed in financial statements as per MSMED Act 2006 and Schedule III of Companies Act 2013 has not been disclosed properly in financial statements.
- b. Cash Flow Statement is not in line with the corresponding Ind AS 7 requirements, as there are no cash inflow or outflow from financing activities and no cash outflow from investments, as shown in cash flow statement.
- c. Loan given to Subsidiaries stated in note no. 6 is classified as Current Asset instead of Non Current Asset.
- d. Presentation of Balances other than Cash and Cash Equivalents under Financial Assets in Balance Sheet is not in accordance with the disclosure made by the Company in note no. 10 of Financial Statements.



cont 2..



(Chhattisgarh State Power Holding Company Limited for the year ended 31st March, 2019)
//2//

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the audit of standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



cont..3..



.(Chhattisgarh State Power Holding Company Limited for the year ended 31st March, 2019)
//3//

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

01. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
02. As required by section 143(5) of the Act, we give in "Annexure B" , a statement on the directions/sub-directions specified by the Comptroller and Auditor-General of India for the Company.
03. Non-Compliance of the Act:
 - (a) The Board of Directors comprises of six directors, consisting of four Nominee Directors, one Managing Director and one Whole time Director. Section 149 of the Act requires that there should be at least one woman director and one third of the total number of directors should be independent directors. The Company does not have a woman director and independent director.
 - (b) As per section 204(2) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to obtain 'Secretarial Audit Report' from independent practicing company secretary. As per board minutes, Company has not obtained any secretarial audit report for the financial year 2018-19.
 - (c) As per Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies Rules, 2014, the Company is required to form Audit Committee. The Act requires that majority of directors of Audit Committee should be independent, as the Company is not having any independent director in its Board, there is non compliance of Section 177.
 - (d) As per Section 178 of the Companies Act, 2013 the Company needs to comply with the requirements of having Nomination and Remuneration Committee. The Act requires that majority of directors of Nomination and Remuneration Committee should be independent, as the Company is not having any independent director in its Board, there is non compliance of Section 178.
 - (e) As per section 135 of the Companies Act, 2013 the Company needs to comply with the requirement of having CSR committee and the same has been formed with effect from 30.08.2019 and it also requires that the committee shall consist of three or more directors out of which at least one director shall be independent director, as the company is not having any independent director in its board and therefore there is non compliance of Section 135 of the Companies Act by the Company.
04. As required by section 143(3) of the Act, we report, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



cont..4..



.(Chhattisgarh State Power Holding Company Limited for the year ended 31st March, 2019)
//4//

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other Comprehensive Income) , statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.;
- (e) The Company being a Government Company, in view of the Notification No. F.No. 1/2/2014-CL-V dated 05.06.2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164(2) of the Companies Act, 2014 is not applicable to the Company.
- (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C"; and
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements in notes to accounts.
 - The Company do not have any material foreseeable losses on long-term contracts including derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For, **Bamb Taori & Co.**
Chartered Accountants
(Registration No. 002026C)




Sagar Jain
Partner
(Membership No. 420124)

Place : Raipur
Dated : **11 DEC 2019**

UDIN: 19420124 AAAA EG3636



(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Chhattisgarh State Power Holding Company Limited for the year ended 31st March 2019)

Annexure 'A' to the Independent Auditors' Report

- (i) In respect of its Property, Plant and Equipment :
- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) According to the information and explanation given to us by the management, the Property, Plant and Equipment have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification, hence the question whether the same has been properly dealt with in the books of accounts does not arise.
- (c) As per the management's representation, the title deeds of immovable properties are held in the name of the company.
- (ii) The Company does not have any inventory, the provisions of clause (ii) of the order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, hence clause (a), (b) and (c) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, The Company has complied with the provisions of sections 185 & 186 of Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Act and rules framed there under to the extent notified.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Companies Act, 2013 for any products of the Company
- (vii) (a) The company has generally been regular in depositing undisputed dues, including Provident Fund, Income Tax, Goods & Services Tax as applicable to the Company. As informed to us, the provisions of, Excise Duty and Employees State Insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Income Tax, Cess and other statutory dues, as applicable, were outstanding as at 31st March, 2019 for a period of more than six months from the date of becoming payable.
- (c) According to the information and explanation given to us, there are no dues of disputed amount of Income Tax/ Cess /Goods and Service tax.
- (viii) The Company has not taken any loan or borrowing from financial institution, banks, Government or debenture holder, the provisions of clause (viii) of the order are not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer or term loans, hence the question whether the moneys raised were applied for the purposes for which those were raised does not arise.
- (x) Based upon the audit procedures performed and information and explanations given by management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

cont..2..





(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Chhattisgarh State Power Holding Company Limited for the year ended 31st March 2019)

//2//

Annexure 'A' to the Independent Auditors' Report

- (xi) According to the information and explanation given to us and based on our examination of records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause (xii) of the order are not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the company, transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, hence the provisions of clause (xiv) of the order are not applicable to the Company.
- (xv) As explained to us, the Company has not entered into any non-cash transactions with director or persons connected with him, hence the provisions of clause (xv) of the order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence the provisions of clause (xvi) of the order are not applicable to the Company.

For, **Bamb Taori & Co.**
Chartered Accountants
(Registration No. 002026C)



Sagar Jain
Partner
(Membership No. 420124)

Place : Raipur
Dated : **11 DEC 2019**

UDIN: 19420124AAAAEG3636



Annexure 'B' to the Independent Auditors' Report

**REPORT OF DIRECTIONS UNDER SECTION 143(5) OF COMPANIES ACT 2013 FOR STATUTORY AUDIT
OF CHHATTISGARH STATE POWER HOLDING COMPANY LIMITED (STANDALONE) FOR THE F.Y.
2018-2019**

S.No.	DIRECTIONS	REPLY
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	All the accounting transactions have been made through SAP system.
2	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Not applicable
3	Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No fund has been received from Central/ State agencies in FY 2018-19.

For, **Bamb Taori & Co.**
Chartered Accountants
(Registration No. 002026C)



Sagar Jain
Partner
(Membership No. 420124)

Place : Raipur
Dated : **11 DEC 2019**



Annexure 'B' to the Independent Auditors' Report

**REPORT OF SECTOR SPECIFIC SUB-DIRECTIONS UNDER SECTION 143(5) OF COMPANIES ACT 2013
FOR STATUTORY AUDIT OF CHHATTISGARH STATE POWER HOLDING COMPANY LIMITED
(STANDALONE) FOR THE F.Y. 2018-2019**

S.No.	SUB-DIRECTIONS	REPLY
1	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of Company is encroached, under litigation, not put to use or declared surplus, details may be provided.	The premises of CSPHCL are sufficiently guarded by security guards and are fenced completely with walls. So there is no scope for encroachment of idle land owned by the Company.
2	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in transparent manner in all the cases. The cases of deviation may please be detailed.	CSPHCL is an investment company and capital projects are implemented only by its subsidiary companies. hence, this clause is not applicable to the Company.
3	Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue if properly accounted for in the books of accounts in compliance with the applicable Accounting Standards?	CSPHCL is an investment company and has no revenue stream.
4	Whether the Company has complied with the directions issued by the Reserve Bank of India for classification of non-performing assets.	Not applicable
5	Whether the bank guarantees have been revalidated in time?	Not applicable

For, **Bamb Taori & Co.**
Chartered Accountants
(Registration No. 002026C)



Sagar Jain
Partner
(Membership No. 420124)

Place : Raipur
Dated : **11 DEC 2019**



Referred to in paragraph 11(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Chhattisgarh State Power Holding Company Limited on the standalone Ind AS financial statements for the year ended 31st March 2019)

Annexure - C to the Independent Auditors' Report

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of **Chhattisgarh State Power Holding Company Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.





(Chhattisgarh State Power Holding Company Limited for the year ended 31st March 2019)

//2//

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

Opinion

In our opinion, the Company has, broadly in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to standalone financial statements criteria established by the Company, however it is not strictly in line with the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to standalone financial statements issued by the Institute of Chartered Accountants of India.

For, **Bamb Taori & Co.**
Chartered Accountants
(Registration No. 002026C)



Sagar Jain
Partner
(Membership No. 420124)

Place : Raipur
Dated : **11 DEC 2019**