

CHHATTISGARH STATE POWER TRANSMISSION COMPANY LTD.

DIRECTORS REPORT

(FOR YEAR ENDED ON 31ST MARCH 2013)

REGISTERED OFFICE: -

VIDYUT SEWA BHAWAN, DANGANIYA, RAIPUR

CHHATTISGARH STATE POWER TRANSMISSION COMPANY LTD.

(A Govt. of Chhattisgarh Undertaking)

Regd. Office: Vidyut Sewa Bhawan, Dangania, Raipur (Chhattisgarh)

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their 10th Annual Report along with Audited Accounts of the Company for the financial year ended on 31st March, 2013.

1. CONSTITUTION OF THE COMPANY:

Chhattisgarh State Power Transmission Company Limited has been promoted by Chhattisgarh State Electricity Board (CSEB), a statutory body formed by the Govt. of Chhattisgarh under Electricity (Supply) Act, 1948. The Company was incorporated on 19th May, 2003 as a limited company vide Certificate of Incorporation No. U 40108 CT 2003 PLC 15820 issued by the Registrar of Companies, M.P. & C.G. in the name of Shivnath Power Development Company Ltd.

Subsequently, the name of the Company was changed to Chhattisgarh Transmission Company Ltd. vide fresh Certificate of Incorporation dt. 11th February, 2004. The name of the Company was further changed to CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED vide fresh Certificate of Incorporation dated 2nd June, 2005 issued by the Registrar of Companies, M.P. & C.G.

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

Subsequently, the State Government, vide Notification No. F-21/13/2009/13/2 dated 31.03.2010, had issued the Chhattisgarh State Electricity Board Transfer Scheme Rules, 2010, in supersession of the Chhattisgarh State Electricity Board Transfer Scheme Rules, 2008.

As per the above Transfer Scheme Rules, the Transmission Undertakings along with functions of State Transmission Utility (STU) stood transferred to and vested in Chhattisgarh State Power Transmission Company Limited on and from the Appointed Date i.e. 1st January, 2009.

2. SUBSIDIARY COMPANY STATUS:

As per Chhattisgarh State Electricity Board Transfer Scheme Rules, 2010, the entire shareholding of the Company is held by M/s Chhattisgarh State Power Holding Company Limited. Accordingly, your Company is a wholly owned subsidiary of M/s Chhattisgarh State Power Holding Company Limited. Further, as per the above Transfer Scheme Rules, the entire shareholding of M/s Chhattisgarh State Power Holding Company Limited is held by the Government of Chhattisgarh. Thus, your Company is a Government Company as defined under section 617 of the Companies Act, 1956.

3. CAPITAL STRUCTURE :

The authorized share capital of the Company stood at Rs. 2000.00 crore divided into 200 crore equity shares of Rs.10/- each as on 31st March, 2013. Further, the paid up share capital at the end of the financial year under review stood at Rs. 7,556,599,560/- divided into 755,659,956 equity shares of Rs.10/- each.

4. FINANCIAL PERFORMANCE:

	(Rs. in Crore) Year ended <u>31.03.2013</u>	(Rs. in Crore) Year ended <u>31.03.2012</u>
Revenue from operations	729.92	590.35
Other Income	53.51	39.33
Profit before depreciation & Tax	107.18	129.63
Less: Depreciation / Amortization	121.15	96.87
Prior period Income/(Expense)	(4.97)	(2.92)
Profit / (Loss) before tax	(18.94)	29.84
Less: Current Tax	-	5.97
Deferred Tax	-	(77.51)
Profit / (Loss) after tax	(18.94)	101.38

During the year under review, the Revenue from operations has increased to Rs. 729.92 crore as compared to Rs. 590.35 crore in the previous financial year.

Further, the Company has earned other income of Rs. 53.51 crore during the financial year under review as compared to Rs. 39.33 crore in the previous financial year.

However, the Company has suffered a net loss of Rs. 18.94 crore during the financial year under review as compared to net profit of Rs. 101.38 crore earned during the financial year 2011-12 mainly due to the provisions for bad debts for Rs. 260.95 crore and true up surplus carrying cost of Rs. 160.96 crore made during the year in accordance with the Tariff Order dtd. 12/07/2013 issued by CSERC.

5. OPERATIONAL PERFORMANCE:

The detail of progress made by the Company during the period from 01.04.2012 to 31.03.2013 is as under: -

(a) Construction of EHV Sub-Station: -

S. No.	Name of Sub-station	Capacity (MVA)	Expenditure incurred during 2012-13 (Rs. In Cr)	Remarks
1	400/220 KV Sub-station, Raita	2x315 MVA	5.6	Charged on 25.3.2013
2	220/132 KV S/S Vishrampur	1 x 160 + 1 x 40	0.12	Work in progress
3	220/132 KV S/S Mungeli	1 x 160 + 1 x 40	3.5	Work in progress
4	220/132 KV S/S Saraipali	1 x 160 + 1 x 40	12.45	Work in progress
5	220/132 KV S/S Churri	1 x 160	18.13	Work in progress
6	220/132 KV S/S Girwani	1 x 160 + 2x63	0.32	Work in progress
7	132/33 KV S/S Balrampur	1 x 20	3.24	Charged on 9.1.2013
8	132/33 KV S/S Heera Pooling	1x63	0.94	Charged on 27.4.2012
9	132/33 KV S/S Rasmada	1 x 40	5.67	Charged on 26.12.2012
10	132/33 KV S/S Patan	1 x 40	0.99	Charged on 12.5.2012
11	132/33 KV S/S Magarlod	1 x 40	0.46	Charged on 22.2.2013
12	132/33 KV S/S Sarona	1 x 40	7.2	Charged on 31.3.2013
13	132/33 KV S/S Pratappur	1 x 40	0.17	Work started

14	132/33 KV S/S Kondagaon	1 x 40	1.33	Work in progress
15	132/33 KV S/S Gandai	1 x 40	7.46	Work in progress
16	132/33 KV S/S Sankra	1 x 40	2.5	Work in progress
17	132/33 KV S/S NRDA Kuhera	1 x 40	1.34	<u>Charged in 30.3.2012</u>
TOTAL			71.42	

(b) Construction of EHV Lines :-

S. No.	Name of Transmission Line	Progress during period from 01.04.2012 to 31.03.13 (in CKM)	Expenditure incurred during 2012-13 (Rs. in Cr)	Remarks
400kV lines				
1	Korba (W)-Khedamara	176.2	34.7	Charged on 26.2.2013
2	LILO of K(W)-Bhilai at Raita	10.46	3.26	Charged on 3.8.2012
3	Marwa-Raita	156.69	92.92	Work in Progress
4	Khedamara-Raita	52	39.46	Work in Progress
5	LILO of K (W)-Khedamara at Marwa	8.63	22.32	Work in Progress
6	Raita-Jagdapur		37.45	Work in Progress
TOTAL			230.11	
220 KV Line				
1	Korba-Vishrampur		0.29	Work in Progress
2	Churri-Mopka	44.72	3.5	Work in Progress
3	Bemetara - Mungeli	25.87	4.7	Work in Progress
4	Raigarh - Saraipali	85.5	15.75	Work in Progress
5	2 nd ckt Khedamara-Rajnandgaon	17.97	0.36	Work in Progress
6	Marwa-Banari	13.08	10.48	Charged on 22.2.2013

7	Raita-Urla & Raita-Siltara	4.64	6.5	Work in Progress
8	LILO of Korba(E)- Amarkantak at Churri		0.017	Work in Progress
9	LILO of Raigarh- Jindal at Girwani			Work awarded
TOTAL			41.6	
132 KV Lines				
1	132 KV line Vishrampur Balarampur`	57.83	9.26	Charged on 9.1.2013
2	Kanker - Kondagaon	6.87	1.04	Work in Progress
3	Kondagaon- Jagdalspur	21.78	1.81	Charged on 8.3.2013
4	Doma-Patan	11.016	0.13	Charged on 12.5.2012
5	Diversion of 132 KV Korba Bango line to improve crossing 2X250 MW			Work in Progress
6	Pandariya- Mungeli		2.33	Work in Progress
7	2 nd ckt of Bhatapara- Mungeli	39.81	0.7	Work in Progress
8	2 nd ckt of Jhalap- Bagbahra		.034	Work in Progress
9	2 nd ckt of Mahasamund- Bagbahra			To be taken up
10	2 nd ckt of Mahasamund- Rajim	20.7	0.96	Work in Progress
11	2 nd ckt Kurud- Rajim		0.15	Charged on 16.9.2012
12	LILO of Kachna- Mahasamund at Kuhera		0.20	Charged on 30.3.2012

13	2 nd ckt of 132 KV Saripali- Jhalap		0.10	Work in Progress
14	132kV Kanker to Bhanupratappur		0.38	Charged on 23.6.2011
15	LILO of Rajnandgaon-Bhilai line at Rasmada	6.88	1.28	Charged on 19.12.2012
16	Kurud-Magarlod-Rajim	16.86	1.85	Charged on 22.2.2013
17	Magarlod-Gariyaband	4.87	7.37	Work in Progress
18	Saja-Gandai	5.01	3.96	Work in Progress
19	220kV Mungeli to 132kV Mungeli		1.37	Work in Progress
20	LILO of Bango-Vishrampur at 220kV Vishrampur	1.33	0.64	Charged on 30.12.2012
21	LILO of Saraipali-Jhalap at Sankra		0.87	Work in Progress
22	2 nd circuiting Gurur-Kanker (loc 156) to Bhanupratappur	24.9	1.25	Work in Progress
23	Line for Sarona S/S	0.1	0.102	Charged on 31.3.2013
24	LILO of Vishrampur-Balrampur at Pratappur		0.18	Work in Progress
TOTAL			35.97	

(c) Other Miscellaneous works

(i)	Installation of Additional Transformer & Augmentation of Transformer capacity.		20	Additional Transformer:-220kV Barsoor(160MVA), 220kV Bhilai(160MVA),220kV Paraswani(40MVA), 220kV Kotmikala(20MVA), 132kV Mana(40MVA),132kV NRDA Kuhera(63MVA), and work in
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				progress at 220kV Bemetara(40MVA)Mopka(40MVA), 132kV Rajim(40MVA), Kharsiya(40MVA),Silpahri(40MVA), Kurud (Bhilai)(40MVA). Capacity Augmentation:- 132kV S/S Jhalap (20 to 40MVA), 220kV S/S Siltara(40 to 63 MVA)
(ii)	Capacitor Bank		0.03	10 MVAR each at Rajim, Jhalap, Patan, Rasmada
(iii)	Feeder Bays		15	Work under progress
(iv)	Survey/Land acquisition/T&P testing equipment, upgradation etc.		0.20	Under progress
(v)	Communication		0.20	Under progress
(vi)	Installation of RTU		2.33	Under progress
TOTAL			37.76	
GRAND TOTAL			416.86	

d. Length of EHV line (in CKT- K.M.) as on 31.03.2013

S. No.	Type of Line	As on 31.03.2013
1.	400 KV line	1111.98
2.	220 KV line	2977.21
3.	132 KV line	5100.4
4.	+/- 100 KV HVDC	360

6. DIVIDEND:

Owing to the loss suffered by the Company, your Directors do not recommend any dividend for the year under review.

7. PUBLIC DEPOSIT:

The Company has not accepted any deposit from the public.

8. OUR NETWORK:

Our Company's total network of EHV Substation, Transformation Capacity and Transmission Line lengths (CKT- Kms) in the Chhattisgarh State is given below:-

S. No	Particulars	Position as on 31/03/13
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1	<u>400 KV Sub Station</u>	
	i) No. of Sub Station	2
	ii) No. of X'mers	4
	iii) Total MVA	1260
2	<u>220 KV Sub Station</u>	
	i) No. of Sub Station	15
	ii) No. of X'mers	33
	iii) Total MVA	4910
3	<u>132 Sub Station</u>	
	i) No. of Sub Station	61
	ii) No. of X'mers	137
	iii) Total MVA	5148.5
4	<u>HVDC Sub Station</u>	
	i) No. of Sub Station	1
	ii) No. of X'mers	6
	iii) Total MVA	243
5	Capacitor Banks (MVAR)	965
6	400 KV Lines (Ckt KM)	1111.98
7	220 KV Lines (Ckt KM)	2977.21
8	+/- 100 KV HVDC (Ckt KM)	360
9	132 KV Lines (Ckt KM)	5100.4

9. DIRECTORS :

As per provisions of the Articles of Association of the Company, all the Directors hold the office at the pleasure of the Government of Chhattisgarh. The following persons constitute the Board of Directors of the Company as on date:

Sr. No.	Name of Director	Designation
1.	Shri Shivraj Singh, I.A.S	Chairman & Nominee Director
2.	Shri D.S. Misra, I.A.S	Nominee Director
3.	Shri Aman Kumar Singh	Nominee Director
4.	Shri Vijay Singh	Managing Director

10. AUDITORS :

M/s CMRS & Associates (formerly known as Chandrakant G. Doshi & Co.), Chartered Accountants, have been appointed statutory auditor of the Company by the Comptroller and Auditor-General of India (CAG) for the financial year 2012-13.

11. COST AUDITORS :

The Board of Directors of your Company has appointed M/s S.N. & Co., Cost Accountants, as the Cost Auditor for audit of the Cost Accounting Records of your Company for the financial year 2012-13.

12. AUDIT COMMITTEE :

The Audit Committee of the Company comprises the following directors:

Shri D.S. Misra, IAS	-	Non-Executive Director
Shri Aman Kumar Singh	-	Non-Executive Director
Shri Vijay Singh	-	Executive Director

The 'Terms of Reference' of the Audit Committee have been determined by the Board of Directors of the Company in conformity with the provisions of Section 292A of the Companies Act, 1956.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information pursuant to section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is set out in the **Annexure - "A"** forming part of this Report.

14. REPORT/COMMENTS OF THE AUDITORS/CAG :

Observations of the Statutory Auditors along with Management's reply thereto on the Annual Accounts of the Company for the financial year 2012-13 are enclosed herewith as **Annexure - "B"**.

Further, the Comments of the Comptroller & Auditor General of India and Management's reply thereto on the Annual Accounts of the Company for the financial year 2012-13 are enclosed herewith as **Annexure - "C"**.

15. DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of The Companies Act, 1956, your Directors state that:

- (i) in the preparation of the financial accounts for the year ended 31st March, 2013, the applicable Accounting Standards, subject to comments of Auditors, have been followed along with proper explanation relating to material departures:

- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts for the year ended 31st March, 2013 on a going concern basis;

16. PARTICULARS OF EMPLOYEES :

None of the employees received remuneration during the year in excess of limits prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

17. HUMAN RESOURCES :

Employees are the most precious asset of an organization and favourable environment is necessary to encourage creativity, innovation and performance excellence amongst them. Your company has focused its efforts to enhance the capabilities of employees to develop competent, trained and multi-disciplinary human capital in CSPTCL so as to meet the challenging assignments. Your company strongly believes in achieving organizational excellence through human resources and follows "People First" approach to leverage the potential of its employees to fulfil its business plan.

18. INDUSTRIAL RELATIONS :

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

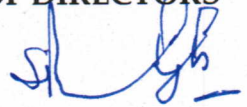
19. CORPORATE SOCIAL RESPONSIBILITY :

Being a corporate citizen, your Company has the responsibility to contribute to the welfare of the society in which it operates. The Company has adopted a voluntary and proactive approach towards Corporate Social Responsibility by carrying out plantation and other beautification work in surrounding areas, donation for educational causes, etc.

20. **ACKNOWLEDGEMENT :**

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



**(SHIVRAJ SINGH)
CHAIRMAN**

**DATE : 28.03.2014
PLACE: RAIPUR (C.G.)**

ANNEXURE "A" TO THE DIRECTORS' REPORT

**CONSERVATION OF ENERGY, TECHNICAL ABSORPTION & FOREIGN
EXCHANGE EARNINGS AND OUTGO - SECTION 217(1) (e) OF THE
COMPANIES ACT, 1956.**

In accordance with the requirement of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, statements showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are given below: -

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

For improvement of voltage profile in the system and thereby reduction in losses, your company has made exhaustive plan for installation of 33KV capacitor banks in 132/33 KV substation particularly in the areas with low voltages.

(b) investments and proposals being implemented for reduction of energy consumption:

In 400 KV Transmission lines planned to be commissioned in future, shunt reactors shall be installed to maintain proper voltage profile.

(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production:

The above measures are expected to reduce losses in the Power Transmission System.

(d) Total Energy consumption per unit of production as per Form A is not applicable to the Company.

B. TECHNOLOGY ABSORPTION

FORM - B

Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1 Specific areas in which R & D carried out by -----NIL-----

the Company		
2 Benefits derived as a result of the above R & D	-----N.A.-----	
3 Future plan of action	-----NIL-----	
	Current Year	Previous Year
4 Expenditure on R & D		
a. Capital	-	-
b. Recurring	-	-
Total	-	-
c. Total R & D expenditure as a percentage of total turnovers.	-	-

Technology absorption, adaptation and innovation

- | | |
|--|--|
| 1 Efforts made towards technology absorption, adaptation and innovation | 1) Sub-Station Automation systems ordered for 400 KV S/s, Raita, Raipur.
2) Gas insulated EHV Sub-Station installation under study. |
| 2 Benefits derived as a result of the above efforts, | Under study. |
| 3 Imported technology | -----NIL----- |
| a. Technology imported | |
| b. Year of import | |
| c. Has technology been fully absorbed | |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | |

FOREIGN EXCHANGE EARNINGS & OUTGO

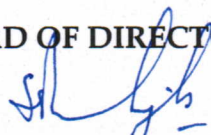
- a. Activities relating to exports, initiatives taken to increase exports, development of new export markets for product and export plan.

- b. Total foreign exchange used & earned

		<u>2012-13</u>	<u>2011-12</u>
Earned	(Rs.)	Nil	Nil
Used	(Rs.)	Nil	Nil

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DATE :28.03.2014
PLACE: RAIPUR (C.G.)


(SHIVRAJ SINGH)
CHAIRMAN

ANNEXURE "B" TO THE DIRECTORS' REPORT

MANAGEMENT REPLY TO AUDITORS COMMENTS CONTAINED IN THEIR AUDIT REPORT

<i>Particulars</i>	<i>Reply of the Management</i>
STATUTARY AUDITOR'S REPORT	
<p>Point No 4(a) - A loan amounting to Rs.40.00 crores was granted to CSPGCL. This is in accordance with Section 292 of the Companies Act, 1956. However, there is a violation of Section 372A of the Companies Act, 1956 by the CSPTCL. The said Section prescribes a unanimous consent of all the Directors present at the Board Meeting. Whereas, the Company has passed a Resolution under Section 292 only authorizing the Managing Director and Director (Finance) to invest funds of the Company to the extent of Rs. 200 crores. There was no Resolution passed as required under Section 372A by the Board of Directors unanimously in a Board Meeting, authenticating the grant of loan of Rs. 40.00 crores to CSPGCL. Also the Register maintained under Section 372A shows the particulars of Resolution passed under Section 292 only; hence there is a violation of Section 372A of the Companies Act, 1956.</p>	<p>As per sub-section (2) of Section 372A, the loan should be made at a meeting of the Board of Directors with the consent of all the directors present at the meeting.</p> <p>The Board of Directors of the Company in its meeting held on 22nd March, 2011 has unanimously passed a resolution for grant of loan of Rs. 200 crore for Chhattisgarh State Power Companies i.e. Chhattisgarh State Power Generation Company Limited, Chhattisgarh State Power Distribution Company Limited, Chhattisgarh State Power Holding Company Limited and Chhattisgarh State Power Trading Company Limited. Further, in the above meeting, the Board has also authorized competent authorities to exercise the power to grant loan within the above ceiling. Thus, the Company has duly complied with the applicable provisions of the Companies Act, 1956 for grant of loan to CSPGCL.</p>
<p>Point No 4(b) - Reference is invited to Note 9.3 (Finance Costs: Interest on PFC loan) of financial statement where it was observed that the interest on PFC amount of Rs. 113,98,54,516/- includes interest paid on service tax of Rs. 1,80,66,027/- Hence this leads to wrong presentation of the interest expenses.</p>	<p>This is a classification mistake which is immaterial to profit and loss and state of affair of the Company.</p>
<p>Point No 4(c) - In the cash flow statement for the financial year 2012-13, the interest expenses is wrongly taken as Rs.</p>	<p>This is a clerical error and does not affect the state of affair of the Company.</p>

3,83,82,073/- instead of Rs. 73,62,92,107/-.
This does not affect the closing Cash & Cash
Equivalent position of the Company.

Point No 4(d) - It has been informed that actuarial valuation for pension & gratuity liabilities as at 31st March'2013 is still under process, hence the company has not provided for its share of deficit in the corpus of CSEB Pension & Gratuity Trust Fund as on 31.03.2013. Accordingly there is an understatement of loss with corresponding understatement of liability to extent of share of deficit which is unascertainable, hence non compliance of Accounting Standard 15 issued by ICAI regarding "Employee Benefits".

As the actuarial valuation of gratuity and pension fund liability as on 31.03.2013 could not get done by CSEB Pension & Gratuity Trust Fund, hence provision could not be made.

Point No 4(e) -The Company has valued the inventory at book value and not "at book value or net realizable market value whichever is lower" and has not taken cognizance of the current status of the inventory as to the non-moving, slow moving, obsolete or defective stock. To this extent there is non compliance with Accounting Standard-2. Thus we are unable to comment on the impact of overstatement / understatement of the value of inventory due to non compliance of Accounting Standard -2.

The Company maintains a large number of items in its inventory hence maintaining net realizable value of each item is not practical. Hence valuation of inventory on the basis of book value has been preferred looking to the practical difficulties involved. Further, classification of inventory into non moving, slow moving obsolete or defective stock has not been prescribed in AS-2, but is a tools of inventory management. Hence provisions of AS-2 have not been infringed in this respect.

Point No 4(f) -Reference is invited to Note 7.1 (Current Assets: Inventories) of the Financial Statements, where the Company shows a Shortage of Material pending investigation of Rs. 63,96,654/- for which no provision is made in the books of accounts. It is explained to us by the management that the Committee formed for this purpose has not yet finalized the provision for the Shortage of Material.

This comment contains the comments of the management hence no further comment is offered.

Point No. 4(g) - Opening balances as on 01-01-2009 transferred pursuant to the transfer scheme (Refer Note No. 16 to Notes to financial statement) are provisional figures which, though, has been audited by C&AG,

This is the factual comment. Once the audited figures shall be allocated by CSPHCL, the same shall be affected in the accounts.

however not notified by Government of CG. Accordingly, provisional opening balances notified by the government are subject to modifications, if any, arising during the course of the aforesaid audit.

Point No. 4(h) - Balance of Share Application Money Pending Allotment Account, Debentures, Loans from State Government, intercompany adjustments accounts, Capital work in progress, sundry debtors, Loans and Advances including Deposits with Government & others, Imprest, Temporary advances & Rotating Temporary Advances and current liabilities including 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.

The reconciliation of various current assets and current liabilities is an ongoing process and any effects thereof are duly accounted for after reconciliation.

Point No. 4(i) - The company has not complied with the provisions of AS 28-Impairment of Assets. In absence of adequate information regarding impairment of assets and other information we are unable to comment on the impact of impairment.

Format and report shall be designed in due course of time to calculate the impairment loss on the valuation of fixed assets.

ANNEXURE - I TO STATUTORY AUDITOR'S REPORT

PARA NO. 01(i) - Fixed Assets register is being maintained by the Company but it doesn't reflect separate identity of individual assets (i.e. the assets are not marked with identification codes)

Point has been noted for compliance.

PARA NO. 01(ii) & (iii) Physical verification of fixed assets was not conducted during the F.Y. 2012-13

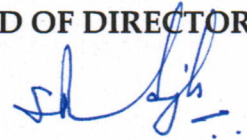
Physical verification of fixed assets is a continuous process and same is being followed. However, proper scheduling, frequency and reporting format shall be developed to strengthen this process.

PARA NO. 02 (i) to (v) - Physical verification of inventory has not been

Physical verification of inventory is taken care by concerned store division.

conducted during the F.Y. 2012-13	For proper reporting of inventory verification, appropriate steps shall be taken.
PARA NO. 05 (I) Whether transaction that need to be entered in to a register in pursuance of section 301 of the Act have been so entered - Yes. But the entries made in the register are not signed by the secretary of the Company or by any other person authorized by the Board for the purpose.	There are no such transactions which require entry in the register maintained u/s 301 of the Companies Act, 1956.
PARA NO. 07(i) No, the Company does not have an Internal Audit System commensurate with the size and nature of its business.	Internal Audit could not be conducted due to scarcity of staff. The work shall be outsourced to CA firms after taking due approval.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



**(SHIVRAJ SINGH)
CHAIRMAN**

DATE : 28.03.2014
PLACE: RAIPUR (C.G.)

ANNEXURE "C" TO THE DIRECTORS' REPORT

**MANAGEMENT REPLY TO COMMENTS OF COMPTROLLER
AND AUDITOR GENERAL OF INDIA (CAG)**

A.COMMENT ON PROFITABILITY.	
STATEMENT OF PROFIT & LOSS	
INCOME - Revenue from operations (Note 8.1)- SLDC charges income- Nil	
<p>As per Chhattisgarh State Electricity Regulatory Commission (Fees and Charges of State Load Despatch Centre and Other Related Matter) Regulation, 2010, the 50 per cent of short term open access charges (SLDC charges) recovered by SLDC was to be transferred to a separate fund called "SLDC Development Fund". However, during the year 2012-13, the Company has transferred the entire amount of Rs 1.01 crore recovered towards SLDC charges to "SLDC Development Fund".</p> <p>This has resulted in overstatement of SLDC Development Fund and understatement of Revenue from operations (SLDC Charges) by Rs. 0.51 crore with corresponding overstatement of Loss for the year to that extent.</p>	<p>As indicated by audit, due to error and omission, the 50% of SLDC income say Rs. 50.50 lakhs were accounted in SLDC Development fund instead of SLDC income A/c.</p> <p>The same shall be corrected in FY 2013-14 by crediting prior period income and debiting SLDC Development Fund.</p>
EXPENDITURE - Repair maintenance and administrative expenses (Note 9.1) Rs. 464.30 crore	
<p>The above does not include expenditure of Rs. 0.56 crore incurred by the company towards operation and maintenance on substations plantation and advertisement pertaining to the financial year 2012-13 but paid during the year 2013-14.</p>	<p>The same shall be corrected in FY 2013-14 by debiting prior period expenses</p>

This has resulted in understatement of expenditure for the year by Rs. 0.56 crore and consequent understatement of loss for the period by Rs. 0.56 crore with corresponding understatement of other current liabilities (Note 5.3) by Rs. 0.56 crore

B. Comments on Auditor's Report

AUDITOR'S REPORT

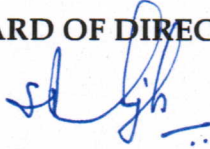
A reference is invited to item No. 4 (f) of the Auditor's Report, wherein it was stated that the Note 7.1 (Current Assets: Inventories) of the Financial Statements shows a Shortage of Material pending investigation of Rs. 0.64 crore for which no provision is made in the books of accounts.

The above qualification is incomplete because the effect of the qualification on Statement of Profit & Loss and Balance Sheet of the Company i.e. understatement of loss and overstatement of Current Assets (Inventories) by Rs. 0.64 crore.

Statutory Auditor has accepted the comments raised by C&AG Audit

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DATE : 28.03.2014
PLACE: RAIPUR (C.G.)


(SHIVRAJ SINGH)
CHAIRMAN



SPEED POST
स्पीड पोस्ट

भारतीय लेखा एवं लेखा परीक्षा विभाग
कार्यालय महालेखाकार (लेखा परीक्षा), छत्तीसगढ़, रायपुर
INDIAN AUDIT & ACCOUNTS DEPARTMENT
Office of Accountant General (Audit), Chhattisgarh, Raipur.

दिनांक

Date : 27/01/2014

To,

The Managing Director
Chhattisgarh State Power Transmission Company Limited,
Vidyut Seva Bhawan, Danganiya, Raipur



Sub: Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Chhattisgarh State Power Transmission Company Limited, for the year ended 31 March 2013.

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Chhattisgarh State Power Transmission Company Limited, for the year ended 31 March 2013. Six copies of printed annual accounts incorporating the comments of the Comptroller and Auditor General of India may be forwarded to this office after placing the same before the Annual General Meeting along with a copy of the minutes of the AGM.

Encl: As above

Yours faithfully,

Deputy Accountant General
(Commercial)

DGM (H.R.)	
CSPTCL	
R. No.	614
Dt	4-2-14
Manag	
For wet. off.	for M.H.
For M.I.	for M.H.
For M.I.	for M.H.
For M.I.	for M.H.
For M.I.	for M.H.
For M.I.	for M.H.

पोस्ट - मांढर, जीरो प्वाइंट, रायपुर - 493 111 (छत्तीसगढ़)

Post - Mandhar, Zero Point, Raipur - 493 111 (Chhattisgarh)

फोन / Phone : 2582082 • फैक्स / Fax : 2582505 • ई-मेल / Email : agauchhattisgarh@cag.gov.in

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF CHHATTISGARH STATE POWER TRANSMISSION
COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2013**

The preparation of financial statements of Chhattisgarh State Power Transmission Company Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 November 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Chhattisgarh State Power Transmission Company Limited for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Comments on Profitability

Statement of Profit & Loss

INCOME

Revenue from operations (Note 8.1)

SLDC charges income- Nil

1. As per Chhattisgarh State Electricity Regulatory Commission (Fees and Charges of State Load Despatch Centre and Other Related Matter) Regulation, 2010, the 50 *per cent* of short term open access charges (SLDC charges) recovered by State Load Dispatch Centre (SLDC) was to be transferred to a separate fund called "SLDC Development Fund". However, during the year 2012-13, the Company has transferred the entire amount of ₹ 1.01 crore recovered towards SLDC charges to "SLDC Development Fund".

This has resulted in overstatement of "SLDC Development Fund" and understatement of Revenue from operations (SLDC Charges) by ₹ 0.51 crore with corresponding overstatement of Loss for the year to that extent.

EXPENDITURE

Repair maintenance and administrative expenses (Note 9.1) – ₹ 464.30 crore

2. The above does not include Expenditure of ₹ 0.56 crore incurred by the Company towards operation & maintenance of substations, plantation and advertisement pertaining to the financial year 2012-13 but paid during the year 2013-14.

This has resulted in understatement of Expenditure for the year by ₹ 0.56 crore and consequent understatement of Loss for the period by ₹ 0.56 crore with corresponding understatement of other Current Liabilities (Note 5.3) by ₹ 0.56 crore.

B. Comments on Auditor's Report

AUDITOR'S REPORT

3. A reference is invited to item No. 4 (f) of the Auditor's Report, wherein it was stated that the Note 7.1 (Current Assets: Inventories) of the Financial Statements shows a

Shortage of Material pending investigation of ₹ 0.64 crore for which no provision is made in the books of accounts.

The above qualification is incomplete because the effect of the qualification on Statement of Profit & Loss and Balance Sheet of the Company i.e. understatement of Loss and overstatement of Current Assets (Inventories) by ₹ 0.64 crore has not been stated in the Auditor's Report.

For and on behalf of
the Comptroller and Auditor General of India

Place: Raipur

Date: 29/1/2014


Accountant General (Audit)

CAW/D-872

No. CAW/S-2/A/es/CSPTCL/2012-13/ 872

To,

भारत शासन सेवा
O.I.G.S.



The Managing Director,
Chhattisgarh State Power Transmission Company
limited vidyut seva Bhawan, Rangamiya
Raipur.

12

भाषक/जावक लिपिक
महालेखाकार (ले.प.)
जीसगढ़, रायपुर

SPEED POST
स्पीड पोस्ट

Sub: Comments of
of the Companies Act, 1956 on the accounts
Transmission Company Limited, for the year ended 31 March 2013.

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Chhattisgarh State Power Transmission Company Limited, for the year ended 31 March 2013. Six copies of printed annual accounts incorporating the comments of the Comptroller and Auditor General of India may be forwarded to this office after placing the same before the Annual General Meeting along with a copy of the minutes of the AGM.

Encl: As above

Yours faithfully,

DGM (H.R.)
ED L.D
ED (C&P)
GM (Fin)

3
03.02.14

DGM (HR) CONTROL	
R. No.	614
Di	4-2-14
Manager	
Del. off.	for Mr. H.
File No.	
File	File
Date	4-2-14

[Signature]
Deputy Accountant General
(Commercial)



AUDITOR'S REPORT

To
The Members,
Chhattisgarh State Power Transmission Company Limited
RAIPUR.

1. We have audited the attached Balance Sheet of **Chhattisgarh State Power Transmission Company Limited (hereinafter referred to as CSPTCL)** as at **31st March 2013** and the Profit & Loss account 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 disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (as amended) issued by the Central Government of India in terms of section 227 (4a) of the Companies Act, 1956, we enclose Annexure -1 Reported on matters specified in paragraphs 4 and 5 of the said Order.
4. *Further to our comments in the annexure referred to above, we report that:-*
 - a) *A loan amounting to Rs.40.00 crores was granted to CSPGCL. This is in accordance with Section 292 of the Companies Act, 1956. However, there is a violation of Section 372A of the Companies Act, 1956 by the CSPTCL. The said Section prescribes a unanimous consent of all the Directors present at the Board Meeting. Whereas, the Company has passed a Resolution under Section 292 only authorizing the Managing Director and Director (Finance) to invest funds of the Company to the extent of Rs. 200 crores in CS Power Companies. There was no Resolution passed as required under Section 372A by the Board of Directors unanimously in a Board Meeting, authenticating the grant of loan of Rs. 40.00 crores to CSPGCL. Also the Register maintained under Section 372A shows the particulars of Resolution passed under Section 292 only; hence there is a violation of Section 372A of the Companies Act, 1956.*
 - b) *Reference is invited to Note 9.3 (Finance Costs: Interest on PFC Loan) of the Financial Statements, where it was observed that the Interest on PFC amount of Rs. 1,13,98,54,516/- includes Interest paid on Service Tax of Rs. 1,80,66,027/-. Hence this leads to wrong presentation of the Interest Expense.*
 - c) *In the Cash Flow Statement for the Financial Year 2012-13, the interest expense is wrongly taken as Rs. 3,83,82,073/- instead of Rs. 73,62,92,107/-. This does not affect the closing Cash & Cash Equivalent position of the Company.*
 - d) *It has been informed that actuarial valuation for pension & gratuity liabilities as at 31st March '2013 is still under process, hence the company has not provided for its share of deficit in the corpus of CSEB Pension & Gratuity Trust Fund as on 31.03.2013. Accordingly there is an understatement of loss with corresponding understatement of liability to the extent of share of deficit which is unascertainable, hence non compliance of Accounting Standard 15 issued by ICAI regarding "Employee Benefits".*

**C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
Tikrapara, RAIPUR-492 001 (Chhattisgarh).**

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- e) *The Company has valued the inventory at book value and not "at book value or net realizable market value whichever is lower" and has not taken cognizance of the current status of the inventory as to the non-moving, slow moving, obsolete or defective stock . To this extent there is non compliance with Accounting Standard-2. Thus we are unable to comment on the impact of overstatement / understatement of the value of inventory due to non compliance of Accounting Standard -2.*
- f) *Reference is invited to Note 7.1 (Current Assets: Inventories) of the Financial Statements, where the Company shows a Shortage of Material pending investigation of Rs. 63,96,654/- for which no provision is made in the books of accounts. It is explained to us by the management that the Committee formed for this purpose has not yet finalized the provision for the Shortage of Material.*
- g) *Opening balances as on 01-01-2009 transferred pursuant to the transfer scheme (Refer Note No. 16 to Notes to financial statement) are provisional figures which, though, have been audited by C&AG, however not notified by Government of CG. Accordingly, provisional opening balances notified by the government are subject to modifications, if any, arising during the course of the aforesaid audit.*
- h) *Balance of Share Application Money Pending Allotment Account, Debentures, Loans from State Government, intercompany adjustments accounts, Capital work in progress, sundry debtors, Loans and Advances including Deposits with Government & others, Imprest, Temporary advances & Rotating Temporary Advances and current liabilities including 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.*
- i) *The company has not complied with the provisions of AS 28- Impairment of Assets. In absence of adequate information regarding impairment of assets and other information we are unable to comment on the impact of impairment.*
5. 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.
6. In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.
7. The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this reports are in agreement with the books of account.
8. In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards, subject to Para 4 above, referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
9. 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 provisions of clause (g) of sub- section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company.

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,

Tikrapara, RAIPUR-492 001 (Chhattisgarh).

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10. In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts, **subject to Para 4 above**, read together with notes to accounts and significant accounting policies given the information required by the Companies Act, 1956 in the manner so required and given a true and fair view in conformity with the accounting principle generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the company as at **31st March 2013**.
 - in the case of Profit & Loss account, of the loss of the company for the year ended on that date, and
 - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For, CMRS & ASSOCIATES
(Formerly known as Chandrakant G Doshi & Co)
Chartered Accountants
Firm Rgn. No.101678W



Mohan Dalai
(Partner)
M. No. 409981

Place: Raipur
Date: 25/11/2013



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LTD. (CSPTCL),

ANNEXURE- (1) - Referred to in paragraph 3 of our Audit Report of 2012-13 of even date.

PARA NO.	S.NO.	PARTICULAR	OBSERVATIONS & REASONS
01.	<u>FIXED ASSETS</u>		
	(i)	Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets	<i>Fixed Assets Register is being maintained by the company but it doesn't reflect separate identity of individual assets (i.e. the assets are not marked with identification codes).</i>
	(ii)	Whether the management at reasonable intervals has physically verified these fixed assets.	<i>Physical verification of fixed assets was not conducted during the F.Y. 2012-13</i>
	(iii)	Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account.	<i>No, as physical verification has not been conducted during the F.Y. 2012-13, we are unable to comment thereon.</i>
	(iv)	If a substantial part of fixed assets have been disposed off during the year, whether it has affected the going concern.	No, we have not found any substantial part of Fixed Assets disposed off during the year.
02.	<u>INVENTORY</u>		
	(i)	Whether physical verification of inventory has been conducted at reasonable intervals by the management.	<i>Physical verification of inventory has not been conducted during the F.Y. 2012-13</i>
	(ii)	Are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business?	<i>No, as physical verification has not been conducted during the F.Y. 2012-13, we are unable to comment thereon.</i>
	(iii)	If not, the inadequacies in such procedures should be reported.	<i>No, as physical verification has not been conducted during the F.Y. 2012-13, we are unable to comment thereon.</i>
	(iv)	Whether the company is maintaining proper records of inventory.	Yes
	(v)	Whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account.	<i>No, as physical verification has not been conducted during the F.Y. 2012-13, we are unable to comment thereon.</i>

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
Tikrapara, RAIPUR-492 001 (Chhattisgarh).

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03.	LOANS TAKEN/GRANTED	
	(i)	Has the company either granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
		Yes, The company has granted unsecured loan to CSPGCL, a company covered in the register maintained under Section 301 of the Companies Act, 1956. Maximum amount involved during the year was Rs. 40.00 crores and the year end balance was NIL.
	(ii)	If so, give the number of parties and amount involved in the transactions.
		Refer to remarks given in sub point (i) above.
	(iii)	Whether the rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are prima facie prejudicial to the interest of the company.
		No
	(iv)	Whether payment of the principal amount and interest are also regular.
		Yes
	(v)	If overdue amount is more than one lakh, whether reasonable step have been taken by the company for recovery / payment of the principal and interest.
		N.A.
04.	INTERNAL CONTROL	
	(i)	Is there an adequate internal control procedure commensurate with size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods?
		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 nature of its business for the purchase of inventory, fixed assets & services.
	(ii)	Whether there is a continuing failure to correct major weakness in internal control.
		On the basis of our examination and according to the information and explanations given to us, we have neither come across nor been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.
05.	SECTION 301	
	(i)	Whether transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.
		Yes. But the entries made in the Register are not signed by the Secretary of the Company or by any other person authorized by the Board for the purpose.
	(ii)	Whether each of these transactions has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
		No.

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
 Tikrapara, RAIPUR-492 001 (Chhattisgarh).

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06.	DEPOSITS FROM PUBLIC	
	(i) In case the company has accepted deposits from the public, whether the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and rules framed there under, where applicable, have been complied with.	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of Sec 58A and 58AA of the Companies Act, 1956 and rules framed there under.
	(ii) If not, the nature of contraventions should be stated.	N.A.
	(iii) If an order has been passed by Company Law Board whether the same has been complied with or not.	N.A.
07.	INTERNAL AUDIT SYSTEM	
	(i) Whether the company has as internal audit system commensurate with its size and nature of its business.	<i>No, the Company does not have an Internal Audit System commensurate with the size and nature of its business.</i>
08.	COST RECORDS	
	(i) Whether maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.	Yes.
	(ii) If so, whether such accounts and records have been made and maintained.	Yes.
09.	STATUTORY DUES	
	(i) Is the company regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.	Company is generally regular in depositing undisputed statutory dues with appropriate authorities.
	(ii) If not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.	According to information and explanation given to us, no undisputed amounts payable in respect of all above statutory dues were in arrears as at 31 st March'2013 for a period of more than six months from the date they become payable.
	(iii) In case dues of sales-tax / income-tax / custom tax/ wealth-tax/ excise duty/cess have not been deposited on accounts involved and the forum where dispute is pending may please be mentioned.	Please refer contingent liabilities described in notes to account-Note No. 12.

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
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10.	ACCUMULATED LOSSES/CASH LOSSES	
	(i)	Whether the company is a company, which has been registered for a period not less than five years.
		Yes, the Company has been registered on 19 th day of May 2003 vide Company Regn. No. 15820.
	(ii)	In such a case, whether its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth.
		N.A.
	(iii)	Whether it has incurred cash losses in such financial year and in the financial year immediately preceding such financial year also.
		No.
11.	DEFAULT IN REPAYMENT OF DUES	
	(i)	Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders?
		The opening balances of bonds and debentures have been allotted to CSPTCL vide notification no.2020/F-21/13/09/13/2/ED dt. 29 th October 2010 (refer Point no. 16 to Notes to Accounts). Also the repayments of dues to debentures and bond holders are taken care by CSPHCL and still pending with CSHPCCL. Hence in absence of adequate information/ evidence regarding the repayment of dues, we are unable to comment upon the amount of defaults in repayment of dues.
	(ii)	If yes, the period and amount of default to be reported.
		N.A.
12.	LOANS AND ADVANCES	
	(i)	Whether adequate documents and records are maintained in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities?
		According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.
	(ii)	If not, the deficiencies to be pointed out.
		N.A.
13.	SPECIAL STATUTE-CHIT FUND COMPANIES	
	(i)	Whether the provisions of any special statute applicable to chit fund have been duly complied with?
		N.A.
	(ii)	If not, the nature of contraventions should be stated.
		N.A.

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
 Tikrapara, RAIPUR-492 001 (Chhattisgarh).

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14.	<u>NIDHI/ MUTUAL BENEFIT FUND/ SOCIETIES-SPECIAL ASPECTS</u>		
	(i)	Whether the net owned funds to deposit liability ratio is more than 1:20 as on the date of balance sheet.	N.A.
	(ii)	Whether the company has complied with the prudential norms on income recognition and provisioning against sub-standard / default / loss assets.	N.A.
	(iii)	Whether the company has adequate procedures for appraisal of credit proposals / requests, assessment of credit needs and repayment capacity of the borrowers.	N.A.
	(iv)	Whether the repayment schedule of various loans granted by the nidhi is based on the repayment capacity of the borrower and would be conducive to recovery of the loan amount.	N.A.
15.	<u>FINANCING COMPANIES- SPECIAL ASPECTS</u>		
	(i)	If the company is dealing or trading in shares, securities, debentures and other investments the auditor has to consider the certain additional points.	N.A.
	(ii)	Whether proper records have been maintained of the transactions and contracts.	N.A.
	(iii)	Whether timely entries have been made therein.	N.A.
	(iv)	Whether the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.	N.A.
16.	<u>GUARANTEE FOR LOANS</u>		
	(i)	Whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.	No

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
 Tikrapara, RAIPUR-492 001 (Chhattisgarh).

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17.	<u>TERM LOANS</u>	
	(i) Whether term loans were applied for the purpose for which the loans were obtained.	The term loans from financial institutions are directly reimbursed to the contractors / suppliers of specified projects. Hence there is no misapplication of term loan for the purpose for which the loans are obtained.
18.	<u>USAGE OF FUNDS</u>	
	(i) Whether the funds raised on short-term basis have been used for long term investment.	According to the information and explanation given to us the company uses the Short Term fund for the purpose of employee related cost and O & M expenses. Hence there is no misapplication regarding the usage of short term fund in long term investment.
	(ii) Whether the funds raised on long-term basis have been used for short term investment.	No
	(iii) If yes, the nature and amount is to be indicated.	N.A.
19.	<u>PREFERENTIAL ALLOTMENTS</u>	
	(i) Whether the company has made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.	No
	(ii) If so whether the price at which shares have been issued is prejudicial to the interest of the company.	N.A.
20.	<u>CREATION OF SECURITIES</u>	
	(i) Whether securities have been created in respect of debentures issued?	As per explanation given to us, debentures have been fully secured by Government Guarantee of Madhya Pradesh Govt. vide letter no. MFG S 1995/1-D dtd. 20.09.1995.
21.	<u>DISCLOSURE OF END USE OF FUNDS</u>	
	(i) Whether the management has disclosed on the end use of money raised by public issues and the same has been verified?	The company has not raised any money by public issue of shares during the year covered by our report.

C/o Abdul Sadique Khan , Behind Nutan School, In front of Govt. Nursing College,
 Tikrapara, RAIPUR-492 001 (Chhattisgarh).

E-mail: mohandalai_1205@rediff.com, Tel.: 07869965800





22.	FRAUDS		
	(i)	Whether any fraud on or by the company has been noticed or reported during the year?	According to the information and explanation given to us no fraud on or by the company has been noticed or reported during the year covered by our report.
	(ii)	If yes, the nature and the amount involved is to be indicated.	N.A.

For, CMRS & ASSOCIATES
(Formerly known as Chandrakant G Doshi & Co)
Chartered Accountants
Firm Rgn. No.101678W




Mohan Dalai
(Partner)
M. No. 409981

Place: Raipur
Date: 25/11/2013

CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR

BALANCE SHEET AS AT 31 ST MARCH'2013

Particulars	Note	in Rs.	
		Current Year 31.03.2013	Previous Year 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	7,556,599,560	6,056,599,560
Reserves and surplus	3.2	721,092,641	781,271,797
Share Application Money Pending Allotment	3.3	551,035,000	2,051,035,000
Non-current liabilities			
Long-term borrowings	4.1	11,467,064,303	9,949,834,632
Long-term provisions	4.2	3,737,775,868	3,737,182,636
Deferred tax liability	4.3	-	-
Current liabilities			
Short-term borrowings	5.1	385,062,265	36,698,787
Trade payables	5.2	473,250,174	549,383,670
Other Current Liabilities	5.3	10,704,225,722	9,345,278,756
Short-Term Provisions	5.4	13,722,228	10,629,284
TOTAL		35,609,827,762	32,517,914,122
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	6.1	19,283,122,661	14,445,721,257
Intangible Assets	6.1	-	-
Capital Work-in-Progress	6.1	7,570,512,898	6,389,274,114
Long-term Loans and Advances	6.2	1,021,751,168	1,884,798,191
Other Non-Current Assets	6.3	1,975,038,652	652,716,348
Current assets			
Inventories	7.1	496,976,792	577,978,729
Trade receivables	7.2	1,912,175,071	4,208,487,891
Cash and Bank Balances	7.3	2,779,232,647	3,879,968,596
Short-term Loans and Advances	7.4	7,605,940	6,012,601
Other Current Assets	7.5	563,411,933	472,956,395
TOTAL		35,609,827,762	32,517,914,122

Significant Accounting Policies & Notes to
Financial Statements

2 to 30

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, CMRS & Associates
(Formerly known as Chandrakant G Doshi & Co)
FRN No. 101678W

Mohan Dalai
Partner
Membership No 409981
Raipur, Date : 25.11.13



For and on behalf of the Board of Directors of
Chhattisgarh State Power Transmission Company Limited, R

Managing Director

Director

CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH'2013

		in Rs.	
Particulars	Note	Current Year 31.03.2013	Previous Year 31.03.2012
INCOME			
Revenue From Operations (Gross)	8.1	7,299,198,356	5,903,518,099
Less: Excise Duty		-	-
Revenue From Operations (Net)		7,299,198,356	5,903,518,099
Other income	8.2	535,144,543	393,281,719
Total Revenue		7,834,342,900	6,296,799,817
EXPENDITURE			
Repair maintenance and administrative expenses	9.1	4,643,046,465	507,015,124
Employee benefits expense	9.2	1,383,217,338	3,878,495,681
Finance costs	9.3	736,292,107	615,004,945
Depreciation and amortization expense	6.1	1,211,510,420	968,700,984
Total expenses		7,974,066,330	5,969,216,734
Net Profit/(Loss) Before Exceptional Items		(139,723,431)	327,583,083
Exceptional Items		-	-
Net Profit/(Loss) Before Prior Period Adjustment		(139,723,431)	327,583,083
Prior Period Income /(Expense)	10	(49,681,563)	(29,173,825)
Net Profit/(Loss) Before Tax		(189,404,994)	298,409,258
Tax expense			
(1) Current tax provision		-	59,704,978
(2) Deferred tax provision		-	(775,107,129)
(3) Income tax Arrears		-	-
Profit (Loss) for the period		(189,404,994)	1,013,811,409
Earnings per equity share:			
(1) Basic	11	(0.23)	1.31
(2) Diluted	11	(0.23)	1.31

Significant Accounting Policies & Notes to Financial Statements

2 to 30

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For, CMRS & Associates

(Formerly known as Chandrakant G Doshi & Co)

FRN No. 101678W

Mohan Dalai
Partner

Membership No 409981

Raipur, Date : 25.11.12



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

Managing Director

Director

CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

NOTE 3: SHAREHOLDER'S FUNDS

Note 3.1: SHARE CAPITAL

Particulars	in Rs.			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount	Number	Amount
Authorised Shares				
Equity Shares of Rs.10 par value	2,000,000,000	20,000,000,000	2,000,000,000	20,000,000,000
Issued, Subscribed & Fully Paid Up				
Equity Shares of Rs.10 each	755,659,956	7,556,599,560	605,659,956	6,056,599,560
Total	755,659,956	7,556,599,560	605,659,956	6,056,599,560

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 2013	As at 31 March 2012
Equity Shares			
Chhattisgarh State Power Holding Co. Ltd.	Holding Company	755,659,956	7,556,599,560
		755,659,956	7,556,599,560

Reconciliation of the number of Shares Outstanding

Particulars	Equity Shares	
	As at 31 March 2013	As at 31 March 2012
	Number	Number
Shares outstanding at the beginning of the year	605,659,956	605,659,956
Shares Issued during the year	150,000,000	-
Shares bought back during the year	-	-
Any other movement (please specify)	-	-
Shares outstanding at the end of the year	755,659,956	605,659,956

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

Name of Shareholder	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chhattisgarh State Power Holding Company Limited	755,659,956	100	605,659,956	100



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 3.2: RESERVES & SURPLUS

in Rs.

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
Capital Reserve		
SEDC Development fund	174,432,324	45,206,485.00
	174,432,324	45,206,485
Surplus		
Balance as per last financial statements	736,065,312	(277,746,097)
Profit for the year	(189,404,994)	1,013,811,409
Closing Balance	546,660,317	736,065,312
Total	721,092,641	781,271,797

Note 3.3: SHARE APPLICATION MONEY PENDING ALLOTMENT

in Rs.

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
Share Application Money Pending Allotment	551,035,000	2,051,035,000
Total	551,035,000	2,051,035,000

- 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 CSPTCL (also refer note no.18), wherein, Government has proposed an equity share capital of Rs.655.10 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.600 cr at face value of Rs.10 per share to CSPHCL and withheld balance of Rs.55.10 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 29.06.2012



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

NOTE 4: NON CURRENT LIABILITIES

Note 4.1: LONG TERM BORROWINGS		in Rs.	
Particulars	Current Year 31.03.2013	Previous Year 31.03.2012	
Secured Loans			
Rupee Term Loan from Power Finance Corporation Limited <i>The applicable weighted average ROI is 11.87%</i>	11,101,254,962	9,479,569,131	
<p>Term Loan from Power Finance Corporation amounting to Rs. 1110.13 crores (PY Rs. 947.96 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.</p> <p>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.</p>			
Unsecured Loans			
Loans from State Government <i>(The above unsecured loan from Govt of Chhattisgarh is repayable in equated annual installment of Rs.10.45 cr. The applicable ROI is 8.9% per annum.)</i>	365,809,341	470,265,501	
Total	11,467,064,303	9,949,834,632	

- a. The unsecured loan from State Government was allocated from erstwhile CSEB and no fresh loan has been taken during the year



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 4.2: LONG TERM PROVISIONS

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Provision for employee benefits - For Pension & Gratuity	3,513,778,501	3,513,185,269
Provision for current income tax	223,997,367	223,997,367
Total	3,737,775,868	3,737,182,636

Note 4.3: DEFERRED INCOME TAX LIABILITIES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Deferred tax liabilities		
Opening balance	-	775,107,129
Add: provision for current deferred tax liabilities (note no 30)	-	306,041,317
	-	1,081,148,446
Less: deferred tax assets recognised to the extent of liability (note no 30)	-	1,081,148,446
Total	-	-

NOTE 5: CURRENT LIABILITIES

Note 5.1: SHORT TERM BORROWINGS

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Secured		
Loans repayable on demand from Bank		
Cash Credit Limits:		
Bank of India, Raipur	385,062,265	36,698,787.00
<i>(Secured against lien over fixed deposits of the Company)</i>		
Overdraft Limit:		
Bank of India, Raipur	-	-
Total	385,062,265	36,698,787

Note 5.2: TRADE PAYABLES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Trade Payables against Stores and O&M Supplies	473,250,174	549,383,670
Total	473,250,174	549,383,670

In the absence of proper information of suppliers and contractors during the period, relevant disclosures of Micro, Small & Medium Enterprises covered under Micro, Small & Medium Enterprises Act, 2006 could not be compiled and disclosed.



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 5.3: OTHER CURRENT LIABILITIES

in Rs.

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
a. Current Maturities of Long Term Debts		
Bonds	23,618,607	28,575,807
Debentures	91,721,085	91,721,085
Other Loans	(2,420,724)	(2,420,724)
	112,918,968	117,876,168
b. Interest accrued and due on borrowings	337,838,743	274,994,314
c. True up surplus account	-	1,726,200,000
d. Other Payables		
Deposit Works	3,773,193,197	3,378,580,180
Deposits & Retentions from Contractors & Suppliers	1,468,077,167	1,143,428,551
Other Liabilities including Employees Related Liabilities	139,014,595	154,903,207
Inter Company Payable Account	4,873,183,052	2,549,296,337
	10,253,468,011	7,226,208,274
Total	10,704,225,722	9,345,278,756

Note 5.4: SHORT TERM PROVISIONS

in Rs.

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
Provision for DA Arrears & employee exps	13,722,228	10,629,284
Total	13,722,228	10,629,284



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR

Notes to financial statements for the year ended 31st March, 2013

NOTE 6: NON CURRENT ASSETS

Note 6.1: FIXED ASSETS

in Rs.

Particular	Gross Block			Accumulated Depreciation		NET BLOCK		
	Balance as at 1st April 2012	Additions	Deletions/Transfer ^a	Balance as at 31st March 2013	Balance as at 1st April 2012	Adjustment	Balance as at 31st March 2013	Net Block as at 31st March 2012
Tangible Assets (Under Lease)								
Leasehold Land (including land development cost)	88,755,965	-	-	88,755,965	6,319,490	(1)	9,283,938	82,436,475
Tangible Assets								
Land (including land development cost)	3,316,558	-	-	3,316,558	-	(15,506)	55,807,031	3,316,558
Factory Buildings	177,779,519	37,667,099	-	215,446,618	49,370,323	-	31,219,134	128,409,196
Office Buildings	169,500,846	-	-	169,500,846	31,219,134	-	5,809,736	138,281,712
Residential & Other Buildings	-	7,599,615	-	7,599,615	2,377,391	15,503	1,789,879	-
Hydraulic Works	3,613,380	115,849	-	3,729,229	2,116,266	(61,801)	2,443,585	1,235,989
Roads & Others	12,492,927	3,215,296	-	15,708,223	2,449,634,691	(2)	2,583,180	10,376,661
Plant, Machinery & Equipments	9,438,415,595	1,734,103,692	-	11,172,519,287	2,131,061,996	(364,864)	3,012,654,019	6,988,780,904
Lines & Cable Networks	9,193,075,562	4,270,688,033	-	13,463,763,595	18,219,370	6,464,670	2,760,820,680	7,062,013,566
Furniture and Fixtures	22,359,444	276,641	-	22,636,085	6,924,124	(132,324)	18,442,800	4,140,074
Office Equipments	11,224,913	237,073	-	11,461,986	11,014,562	(69,462)	7,498,171	4,300,789
Vehicles	11,304,342	-	-	11,304,342	-	(843,531)	10,171,253	289,780
Others								
Computer (Hardware, Software & Peripherals)	62,298,950	-	-	62,298,950	40,159,397	(1,210)	48,185,111	22,139,553
Total (i)	19,194,138,001	6,053,903,296	-	25,248,041,297	4,748,416,744	4,991,472	5,964,918,637	14,445,721,257
Previous Year (i)	17,468,975,770	1,725,162,231	-	19,194,138,001	3,779,715,759	-	4,748,416,744	13,689,260,011

^a Pertains to Computer transfer to Chhattisgarh State Power Transmission C. Ltd

Note 6.1 (b): Intangible Assets

Particular	Gross Block			Accumulated Depreciation		NET BLOCK		
	Balance as at 1st April 2012	Additions	Deletions/Transfer	Balance as at 31st March 2013	Balance as at 1st April 2012	Amortization during the year	Balance as at 31st March 2013	Net Block as at 31st March 2012
Total (i)	-	-	-	-	-	-	-	-
Previous Year (i)	-	-	-	-	-	-	-	-

Note 6.1 (c): Capital Work in Progress

Particulars	in Rs.	
	Balance as at 1st March 2013	Balance as at 1st April 2012
Capital Work in Progress	7,570,512,898	6,389,274,114
Total	7,570,512,898	6,389,274,114
Previous Year	6,389,274,114	1,490,357,824



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 6.2: LONG TERM LOANS & ADVANCES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Unsecured, Considered Good		
Loans and Advances against Capital Works	1,023,931,885	1,884,179,877
Loans and Advances to Employees	(2,180,717)	618,314
Less: Provision for doubtful advances	-	-
Total	1,021,751,168	1,884,798,191

Note 6.3: OTHER NON-CURRENT ASSETS

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Unsecured, Considered Good		
Advance tax paid and TDS receivable	1,063,355,316.43	644,841,966.00
Deposits With Government & Others	911,683,335	7,874,382
Total:	1,975,038,652	652,716,348

NOTE 7: CURRENT ASSETS

NOTE 7.1: INVENTORIES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Stores & Spares	479,889,888	551,427,311
(Valued at purchase cost or net realizable value whichever is lower)		
Scrap & Unservicable Material	10,690,251	15,112,568
(Valued at purchase cost)		
Add: Material Shortage/(Excess) pending investigation	6,396,654	11,438,850
Less: Provision for Material Shortage pending investigation	-	-
Total	496,976,792	577,978,729

NOTE 7.2: TRADE RECEIVABLES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Trade receivables outstanding for a period less than six months		
Unsecured, considered good unless stated otherwise		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Trade receivables outstanding for a period exceeding six months	6,131,275,071	4,208,487,891
Less :- True up surplus carrying cost payable as per Tariff Order 2013-14	(1,609,600,000)	-
	4,521,675,071	4,208,487,891
Bad debts (True up surplus) as per Tariff Order 2013-14	(2,609,500,000)	-
Total	1,912,175,071	4,208,487,891



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

Note 7.3: CASH & BANK BALANCES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Cash and cash equivalents		
a. Balances with Banks		
Balances with banks in Current Accounts	72,520,029	221,529,043
Deposits with Original Maturity of less than three months #	-	384,050,000
b. Cash with divisions	4,232,511	3,901,553
Total	76,752,540	609,480,596
a. Other Bank Balances		
Deposits with Original Maturity of more than three months but less than twelve months#	2,702,480,107	3,270,488,000
Total	2,702,480,107	3,270,488,000
Total	2,779,232,647	3,879,968,596

#The above deposit includes deposits pledged against Overdraft facilities as follows

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Against Overdraft Facilities		-
Total		-

Note 7.4: SHORT TERM LOANS & ADVANCES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Unsecured, Considered Good		
Others		
Advance to Suppliers	-	-
Loans & Advances To Employees	7,605,940	6,012,601
		-
	7,605,940	6,012,601
Less: Provision for doubtful loans and advances	-	-
Total	7,605,940	6,012,601

Note 7.5: OTHER CURRENT ASSETS

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Subsidy receivable	415,457,233	415,457,233
Interest accrued but not due on Fixed Deposits	83,187,767	50,270,164
Interest Accrued-Staff Loans And Advances	6,950,078	6,950,078
Other Current Assets	57,816,855	278,920
Inter Company Receivable Account (Fellow Subsidiary)		
Chhattisgarh State Power Generation Co. Ltd.		
Chhattisgarh State Power Transmission Co. Ltd.		
Chhattisgarh State Power Trading Co. Ltd.		
Total	563,411,933	472,956,395



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

NOTE 8: INCOME

Note 8.1: REVENUE FROM OPERATIONS

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Sales of Services		
Transmission charges income		
Transmission charges billed &	5,465,498,356	5,760,788,099
Add: True up surplus recognised up to 2011-12 (Reversed)	1,733,700,000	
	7,199,198,356	
SLDC's SOC MOC income		
SOC MOC income billed	149,400,000	125,300,000
Less: True up deficit recognised up to 2011-12 (Reversed)	7,500,000	
Less :- Transferred to SLDC Development fund	41,900,000	
	100,000,000	
SLDC charges income		17,430,000
Total Sales	7,299,198,356	5,903,518,099
Other Operating Revenues:		
	-	-
Revenue From Operations (Gross)	7,299,198,356	5,903,518,099
Less: Excise Duty	-	-
Total	7,299,198,356	5,903,518,099

Note 8.2: OTHER INCOME

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Interest Income		
Interest on FDR	248,996,874	169,492,628
Interest on Staff Loans & Advances	1,311,985	2,014,581
Interest on Advance to Contractors & Suppliers	68,891,469	9,887,147
	319,200,328	181,394,356
Rental income	31,198,196	14,748,445
Net Income from Sale of Scrap	102,753,504	25,430,307
Other Miscellaneous Income	81,992,515	171,708,611
Total	535,144,543	393,281,719



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 9.1: REPAIR MAITENANCE & ADMINISTRATIVE EXPENSES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
<i>Repairing & Maintainence:</i>		
Building & Civil Works	25,892,062	24,549,620
Plant & Machinery	180,252,789	210,722,240
Others	7,990,249	35,205,184
Rent, Rates & Taxes	48,475,028	81,775,996
Insurance	54,944	137,410
Electricity Charges (Office & Other Consumption)	5,735,857	3,526,699
Legal & Professional Charges	19,445,929	41,023,351
Travelling and conveyance expenses	12,261,362	8,345,351
Vehicle Running, Hiring and Maintenance	31,052,733	25,055,672
Advertisement expenses	12,449,068	19,687,053
Bad debts (True up surplus) as per Tariff Order 2013-14	2,609,500,000	-
True up surplus carrying cost as per Tariff Order 2013-14	1,609,600,000	-
Price escalation expenses	37,691,319	23,141,563
Communication expenses	3,858,100	4,414,253
Social responsibility expenses	27,803,016	825,000
Printing, books & subscription	5,452,400	5,867,986
Other Miscellaneous Expenses	16,115,185	32,627,430
Auditor's Remuneration		
Statutory Audit Fees	299,102	271,911
	4,653,929,142	517,176,719
Less: Administration & Other Expenses Capitalised	10,882,676	10,161,595
Total	4,643,046,465	507,015,124

Note 9.2: EMPLOYEE BENEFIT EXPENSES

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Salaries and incentives:		
Salary & Wages	1,234,762,493	1,102,309,382
Earned Leave Encashment to Retired Employees	33,590,251	34,315,765
Gratuity & Pension	212,944,924	2,812,035,212
Contribution to Provident Fund & Other Funds	11,402,430	9,195,083
Employee Welfare Expenses	43,350,475	32,915,647
	1,536,050,573	3,990,771,088
Less: Employee Cost Capitalized	152,833,235	112,275,407
Total	1,383,217,338	3,878,495,681



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 9.3: FINANCE COSTS

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Interest expense:		
Interest on PFC Loan	1,139,854,516	830,739,532
Interest on State Government Loan	38,382,073	47,215,495
Interest on Working Capital Loan	42,365,757	4,502,665
Bank Charges	80,518	500,593
	1,220,682,865	882,958,285
Less: Interest & Finance Charges Capitalized	484,390,758	267,953,340
Total	736,292,107	615,004,945

Note 10 : Prior Period Income /(Expenses)

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Income / (Expenses)		
Transmission charges		
SLDC's SOC MOC income	(46,300,000)	-
Repair maintenance	6,793,755	
Depreciation	(4,991,472)	-
Administrative Expenses	(6,234,525)	29,173,825
Employee Costs	1,050,679	
Interest & Oth. Finance Charges		
Other Charges		
	(49,681,563)	29,173,825
Net Prior Period Income/(Expense)	(49,681,563)	(29,173,825)



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
Notes to financial statements for the year ended 31st March, 2013

Note 11: EARNINGS PER SHARE

Particulars	in Rs.	
	Current Year 31.03.2013	Previous Year 31.03.2012
Net Profit/(Loss) as per Profit & Loss Account available for Equity Shareholders	(189,404,994)	1,013,811,409
Weighted Average number of Ordinary Share Outstanding	718,159,956	454,257,467
Add: Weighted Average number of Potential Equity shares on account of Share Application Money	92,603,500	317,603,500
Cumulative Weighted Average number of Ordinary Share Outstanding for Basic EPS		
1. For Basic Earnings per Share of Rs. 10 each	810,763,456	771,860,967
2. For Diluted Earnings per Share of Rs 10 each	810,763,456	771,860,967
Earnings per Share		
Basic	(0.23)	1.31
Diluted	(0.23)	1.31



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED, RAIPUR
CASH FLOW STATEMENT FOR THE YEAR 2012-13

	Current Year 2012-13 Amount in Rs.		Previous Year 2011-12 Amount in Rs.	
Cash flow arising from Operating Activities				
Net Profit before Tax and Exceptional items as per Statement of Profit and Loss:		(139,723,431)		327,583,083
Add / (Deduct) :				
Depreciation and Amortisation expenses	1,211,510,420		968,700,984	
Interest Income	(248,996,874)		(169,492,628)	
Interest Expenses	38,382,073	1,000,895,619	47,215,495	846,423,851
Operating cash profit before working capital changes		861,172,188		1,174,006,934
Add / (Deduct) :				
Increase / (Decrease) in Short Term Borrowing	348,363,478		36,198,788	
Increase / (Decrease) in Trade Payables	(76,133,496)		283,063,657	
Increase / (Decrease) in Other Current Liabilities	1,358,946,966		5,403,683,638	
Increase / (Decrease) in Short Term Provisions	3,092,944		628,277	
(Increase) / Decrease in Inventories	81,001,937		(215,913,762)	
(Increase) / Decrease in Trade Receivable	2,296,312,820		(3,796,746,271)	
(Increase) / Decrease in Short Term Loans & Advances	(1,593,339)		(1,636,267)	
(Increase) / Decrease in Other Current Assets	(90,455,538)	3,919,535,773	(47,448,945)	1,661,829,115
Cash generated from operations		4,780,707,961		2,835,836,049
Direct Taxes				59,704,978
Cash flow before prior period adjustments		4,780,707,961		2,776,131,071
Add: Prior Period Income/(Expense)		(49,681,563)		(29,173,825)
Net Cash Flow before Exceptional Items		4,731,026,398		2,746,957,246
Add: Exceptional Items (Net Expenses)				
Net Cash flow from operating activities after Exceptional Items		4,731,026,398		2,746,957,246
Add / (Deduct) :				
(Increase) / Decrease in Long Term Loans & Advances	863,047,022		190,507,347	
Increase / (Decrease) in Other Long term Borrowings	1,517,229,671		3,098,329,479	
Increase / (Decrease) in Other Long term Provisions	593,232		2,693,704,978	
(Increase) / Decrease in Other Non Current Assets	(1,322,322,304)	1,058,547,622	(523,882,898)	5,458,658,906
Net Cash Inflow/(outflow) in the course of operating activities after exceptional items and after adjustment of Other Non Current Assets & Liabilities		5,789,574,019		8,205,616,152
Cash flow arising from Investing Activities				
Inflow:				
Sale of fixed assets				
Interest Income	248,996,874	248,996,874	169,492,628	169,492,628
Outflow:				
Acquisition of fixed assets	(6,048,911,823)		(1,725,162,230)	
Net Investment in Capital WIP	(1,181,238,784)		(4,898,916,290)	
Sale/(Addition) of Investment		(7,230,150,608)		(6,624,078,520)
Net Cash inflow/ (Outflow) in the course of Investing Activities		(6,981,153,733)		(6,454,585,892)
Cash flow arising from Financing Activities				
Inflow :				
Increase in Equity Capital (net of reduction in share application money pending allotment)			1,556,099,560	
Increase/(Decrease) in Consumer contribution towards cost of capital asset				
Increase/(Decrease) in SLDC Development fund	129,225,839	129,225,839	45,206,485	1,601,306,045
Outflow :				
Interest Paid		(38,382,073)		(47,215,495)
Net Cash from Financing Activities		90,843,766		1,554,090,550
Net increase in Cash and Cash Equivalents (A+B+C)		(1,100,735,949)		3,305,120,810
Cash & Cash Equivalents (Opening)		3,879,968,596		574,847,786
Cash & Cash Equivalents (Closing)		2,779,232,648		3,879,968,596

As per our report of even date
For, CMRS & Associates
(Formerly known as Chandrakant G Doshi & Co)
FRN No. 101678W

Mohan Dalai
Partner
Membership No 409981
Raipur, Date : 25.11.13



For and on behalf of the Board of Directors of
Chhattisgarh State Power Transmission Company Limited, Raipur

[Signature]
Managing Director

[Signature]
Director

CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

1. General Information

Chhattisgarh State Power Transmission Company limited (the Company) is a state government company incorporated under the Companies Act, 1956 with the main object of bulk transmission of electricity. The Company is wholly owned subsidiary of Chhattisgarh State Power Holding Company Limited.

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 and 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 transmission charges received.
- Leave encashment payments to retiring employees.
- Liquidated damage on account of delay in performance of work and supply contracts.
- Price escalation payments on works and supply contracts.

b. Presentation and disclosure of financial statements:

The financial statements for the year ended March 31, 2012 have been prepared as per revised Schedule VI of the Companies Act, 1956 as notified by MCA vide notification no. S.O. 447 (E) dated 28th February 2011 read with notification no 653 (E) dtd. 31st March 2011

c. Going Concern Concept

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

d. 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.

e. 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.

f. True and fair Presentation

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



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

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

g. 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.

h. 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.

i. 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.

j. 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



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

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.

k. 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.

l. 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.

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

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' 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. Consumers' contributions, capital subsidies and grants related to specific fixed assets are presented in the balance sheet by showing the contribution as a deduction from the gross value of the assets concerned.

n. 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.

o. 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.



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

p. Inventories:

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

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

q. Intangible Assets:

Intangible assets are stated at cost including the expenses related to the development of asset less accumulated amortization.

r. 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. Company provides 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.

s. Borrowing Cost:

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

t. 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.



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

u. 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.

v. 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".

w. 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" account.

x. 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.

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

1. 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 have been challenged in Supreme Court by Govt. of Madhya Pradesh and MPSEB. The Hon'ble Supreme Court has dismissed the petition filed



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

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 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.
- v. Erstwhile MPEB has filed Income Tax Return for FY 1999-2000 and 2000-01 beyond the due date as prescribed in the Income Tax Act. The MPSEB had filed application for condonation of delay before CBDT. Accordingly the delay in filing of return for AY 2000-01 has been condoned by CBDT, whereas no relief had been granted for AY 1999-2000. CSEB has also moved application for condonation of delay of return filed by MPSEB for these years, the hearing on matter is underway. Accordingly, any adverse outcome of the case will have financial implication on the successor companies of erstwhile CSEB.
- vi. 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 :-



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

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.

- vii. CSPTCL has filed appeal before Custom, Excise and Service Tax Appellate Tribunal against the following orders of Commissioner (Appeal) Central Excise confirming the demand of excise duty on materials fabricated in fabrication workshop of CSPTCL. In Appeal, CSPTCL has claimed for following CENVAT credits :-

Sl. No.	Date of order of commissioner (Appeal)	Amt in crores of ED & Cess in order	Amt in crores of CENVAT claimed by CSPTCL
1	E/1116/2010Ex(DBOIANo.13/RPR-II/2010 dtd. 18.02.2010	1.28	1.48
2	E/1117/2010EX(DB)(OIA14/RPR-II/2010 dtd. 18.02.2010)	8.82	8.57
3	E/1118/2010EX(DB)(OIA 15/RPR-II/2010 dtd. 18.02.2010)	1.17	0.72
4	E/281/2010EX(DB)(OIA 49/RPR-II/2010 dtd.30.11.2010)	0.46	0.37
5.	E/282/2010EX(DB)(OIA 50/RPR-II/2010 dtd 30.11.2010)	0.21	0.23
6.	E/380/2010EX(DB) (OIA 35/RPR-II/2010 dtd 19.04.2011)	0.44	0.36

Other miscellaneous contingent liability not provided for in the profit and loss account is Rs. 24.72 lakhs.

13. The Deputy Commissioner, Central Excise Division –II Bhilai, vide order no. 13/2006 dtd. 11.10.2006 have rejected the CSPTCL's claim for refund of excise duty of Rs. 2,78,57,023/- on the ground of unjust enrichment. Accordingly, CSPTCL has filed an appeal for the refund of Rs. 2,78,57,023/- Further, other miscellaneous claims lodged by Company not acknowledged as debts is Rs. 63.85 lakhs.
14. CSPTCL has filed application before Settlement Commission, Service Tax, New Delhi for the exemption from penalty u/s 76, 77 and 78 of Service Tax Act intended to be imposed through show cause notice no . DGCEI/MZU/I&IS'B/30-42/2012/3580 dtd.10.05.2010 by DGCEI, Mumbai on



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

account of non remittance of service tax collected Rs. 8.63 cr. during the period from 2006-7 to 2009-10. However on reconciliation, the service tax collected came to Rs. 5.27 cr. which has been paid alongwith the interest Rs. 2.01 cr. after the receipt of said show cause notice.

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

Under rule (3) (ae) of the transfer scheme rules "Transmission Company" or "CSPTCL" means the Chhattisgarh State Power Transmission Company Limited, a company incorporated under the Companies Act-1956 with the main object of undertaking the transmission of electricity in the State of Chhattisgarh and to function as State Transmission Utility and perform SLDC functions as per the provisions of the Act.

16. 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 CSPTCL of which detail is an under:

Sl. No.	Particulars	Rs. In crores.
ASSETS		
1	Fixed Assets	892.82
2	Less: Depreciation	236.41
3	Net Assets	656.41
4	CWIP	373.03
5	Investment	14.31
6	Stock	8.54
7	Cash & Bank	0.19
8	Inter company Receivable/Payable	(10.56)
9	Loans & Advance	128.54
10	Sundry Receivable	1.28
11	Other Current Liabilities	(173.59)
12	Subsidy Receivable from Government	41.54
	Total Assets	1,039.69
LIABILITIES		
1	Surplus + Equity Adjustment	625.51
2	Reserve and Reserve Funds	29.60
3	Sub Total: Shareholder Equity	655.11
4	Total Funds from State Gov.	92.44
5	Payment Due on Capital Liabilities	56.34
6	Capital Liabilities	235.80
	Total Liabilities (C to F)	1,039.69



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

- 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.

17. Employees Retirement Benefit

As the actuarial valuation of pension and gratuity liability as on 31.03.2013 of CSEB Gratuity and Pension Fund Trust has not been done, Company could not provided for its share of deficit as on 31.03.2013 in the corpus of Trust. However, Company has debited to profit and loss account its share of contribution to Trust allowed by CSERC in its tariff petition which amounts to Rs.21.29 crores.

18. 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.

19. 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 2012-13.

20. Details of Electricity transmitted in MUs and Rs in crores:

Energy Transmitted	FY 2012-13		FY 2011-12	
	In MU	Rs. in cr	In MU	Rs. in cr
For CSPDCL & Other Power Utilities (i.e. energy output from CSPTCL's system)	18030.21	7991.92	17,551.33	576.08
SLDC's revenue	--	10.00	--	14.27
Total	18,030.21	546.55	17,551.33	590.35

21. **Managerial Remuneration:**

Details	2012-2013 (Rs.)	2011-2012 (Rs.)
Salary & Allowances	12,39,269	19,21,720
Other Benefits	37,798	10,198
Total	12,77,067	19,31,918

22. 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.

23. Expenditures/Earnings in foreign currency: Rs. Nil

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

25. The Provisional True Up Tariff Surplus Rs.172.62 cr from FY 2008-09 to FY 2011-12 intimated by Honorable CSERC vide Tariff Order dtd 28.04.2012 was reduced from Revenue of FY 2011-12 through Note no 8.1 "Revenue from Operation. However, Honorable CSERC intimated Final True Up Tariff Surplus Rs. 421.91 cr from FY 2008-09 to FY 2012-13 vide order dtd.12.07.2013. Therefore Provisional True Up Tariff Surplus Rs.172.62 cr from FY 2008-09 to FY 2011-12 was added back to the Revenue of FY 2012-13 through Note no 8.1 "Revenue from Operation" while total of Final True up Surplus Rs. 260.95 cr from FY 2008 to FY 2012-13 was shown as "Bad debts (True up surplus) Expenses" through Note no-9.1 "Repair Maintenance and Administrative expenses. The net effect of final true up tariff surplus in current financial year comes to Rs. 88.33 cr.

26. 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



CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

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.

27. The Company is a state government undertaking engaged only in one activity i.e. 'Transmission of Electricity'. Hence Segment Reporting under AS-17 is considered not applicable. The operations of the company are carried out within the state of Chhattisgarh. Hence Segment Reporting is not considered applicable.
28. In view of paragraph 9 of AS-18, no disclosure is required as regards related party relationships with other state controlled enterprises and transaction with such enterprises. Other disclosures as required by AS-18 are as under:

Remuneration paid to directors including Managing Director:

Name of Related Party	Nature of relationship	2012-13 (Rs.)	2011-12 (Rs.)
Shri Vijay Singh	Managing Director/ Key Management Person	1,74,876	0.00
Shri G. S.Kalsi	Managing Director/ Key Management Person	11,02,191	19,31,918

29. The Comments of the Comptroller and Auditor General on annual account 2011-12 was received on Nov 2011, hence the same alongwith annual account and Directors Reports are yet to be approved by AGM of the shareholders.
30. 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 to the extent of deferred tax liability. The quantum of deferred tax assets recognized and un-recognized as at 31st March'13 are as under:

Sl. No.	Particulars	Amount (Rs.)	Amount (Rs.)
I	Deferred Tax Liability:		
A	Opening balance of Deferred Tax Liability as on 01.04.2012		Nil
B	Depreciation as per Income Tax Act	244,21,17,830	
C	Depreciation as per books of account	121,15,10,420	
D	Net timing difference arising due to higher depreciation claimed under the Income Tax Act (D=B-C)	123,06,07,410	
E	Deferred Tax Liability @ 32.45% of (D)		39,93,32,105
F	Total Deferred Tax Liability as on 31.03.2013 (G=A+E)		39,99,32,105
II	Deferred Tax Asset:		
A	Opening balance of Deferred Tax Asset as on 01.04.2012		Nil
B	Disallowance of Statutory Audit Fees U/s. 40a	2,99,102	
C	Unabsorbed Depreciation under Income Tax Act as at 31 st March'13	347,19,71,722	
D	Carry Forward Business Loss Under Income Tax Act as at 31 st March'13	Nil	

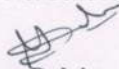


CHHATTISGARH STATE POWER TRANSMISSION COMPANY LIMITED

Notes to financial statements for the year ended 31st March, 2013

E	Net timing difference arising out of above adjustments (F=B+C+D+E)	347,22,70,824	
F	Deferred Tax Asset @ 32.45% of (E)		112,67,51,882
G	Total Deferred Tax Asset as on 31.03.2013 (F=A+G)		112,67,51,882
H	However, deferred tax asset recognized only to the extent of deferred tax liability pursuant to accounting policy disclosed under note no 2 (x) of the Financial Statement		39,99,32,105
	Unrecognized Deferred Tax Asset as at 31.03.2013		72,74,19,778


As per our report attached
For, CMRS & Associates
(Formerly known as Chandrakant G Doshi & Co)
FRN No. 101678W


Mohan Dalai
Partner

Membership No 409981
Place :Raipur
Date : 25.11.13



For, Chhattisgarh State Power Transmission Company Ltd


Managing Director


Director