

# BEGANI & BEGANI

CHARTERED ACCOUNTANTS

GSTIN : 22AAEFB9798G1Z6, PAN: AAEFB9798G



N.C.BEGANI M.Com., L.L.B., F.C.A  
SUDIP BACHHAWAT B.Com. (Hons.), F.C.A  
SUMIT BACHHAWAT B.Com., F.C.A.  
SANDHYA RAJESH BEGANI B.Com., F.C.A., DISA  
DEEPIKA NATHANI B.Com., F.C.A.  
MAHAVIR S. JAIN B.Com., F.C.A  
NIKHILESH BEGANI B.Com., F.C.A., DISA  
AMIT AGRAWAL B.Com., F.C.A  
ANSHUL BEGANI B.Com., F.C.A  
SANKALP SOHANEY B.Com., F.C.A

H.O. : 2<sup>ND</sup> FLOOR, C – 34.1  
NEAR DIGAMBAR JAIN MANDIR  
TAGORE NAGAR  
RAIPUR-492001(C.G.)  
Phone : 0771-2227242  
0771-4099889(O)  
Telefax : 0771-4099888  
E-Mail : beganis@hotmail.com  
Cell : 098266-06500  
098265-93300

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### QUALIFIED OPINION

We have audited the accompanying Ind AS financial statements of **CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED** ('the Company'), which comprise the Balance Sheet as at **31 March, 2026**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, ***except for the effect of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view*** in conformity with the accounting principles generally accepted in India including Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015(as amended), of the state of affairs of the Company as at 31st March, 2026 and ***its Profit*** (including total comprehensive income), its cash flows and the changes in equity for the year ended on that date.





**BASIS FOR QUALIFIED OPINION**

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

***Major comments and observations, based on our audit, which in our opinion are significant and required provisions in the financial statements in certain cases mentioned herein. The net aggregate impact of non-provision on the loss for the year and/or on the assets/liabilities and also there are cases as stated in Para below wherein the quantum of impact though material is unascertainable due to lack of Sufficient & Appropriate Audit Evidence. The distinguished reasons have been mentioned in our note below:***

**a) Difference in Opening & Closing Balances as per books of accounts (SAP) and financial statements:**

There is a difference between the opening and closing balances as per the financial statement of FY 2025-26 and opening and closing balances as per SAP accounting software used by the company for maintaining books of accounts. The differences in the balances is summarized below as:

| Particulars | Difference in opening balance as per financial and accounting software (SAP) | Difference in opening balance as per financial and accounting software (SAP) |
|-------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Assets      | 49502 Lakhs                                                                  | 73707.91 Lakhs                                                               |
| Liabilities | 49502 Lakhs                                                                  | 73707.91 Lakhs                                                               |

**b) Fixed Assets**

**(i) Capitalization of Asset-**

As per our observation and explanation provided by the respective official, There are certain instances where it was observed that assets of the company are being capitalized from the date they are being posted instead of actual date of capitalization as mentioned in capitalization certificate of respective asset, which is





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not in accordance with IND AS- 16 "Property plant and equipment". As a result of which, record of assets capitalized during the year and depreciation thereon is not presented correctly in the books of accounts. Also, as stated in Note No. 4A, the details of ongoing and suspended projects, along with the ageing of Capital WIP, were not provided for verification. Further, detailed workings with a project-wise break-up of the ageing were not available with the Company.

The Capital WIP of Rs.3,85,143.74/- Lakhs as on 31st March, 2026 **include Various head of Capital WIP** which has not been capitalized since very long period and needs to be impaired were it is required in our opinion. Management should recognize those additions and account for the impairment losses, if any. However, we are unable to obtain sufficient and appropriate information regarding the same to determine impairment loss as required by Ind AS 36. Further we would like to mention some instances of Capital WIP which is pending for capitalization from long time:

| G.L Code     | Name of Account      | RAO                     | Amount                |
|--------------|----------------------|-------------------------|-----------------------|
| A076311      | CWIP Well, Wall Cana | 31,33,37,45,51,54,93    | 5.96 Lakhs            |
| A076562      | CWIP Comm Equip      | 33,35,37,45,51          | 1.98 Lakhs            |
| L030103      | Returnable Material  | 31,33,35,37,45,51,53,54 | 333.16 Lakhs          |
| U900004      | GR-IR Upload Control | 83                      | 726.68 Lakhs          |
| <b>Total</b> |                      |                         | <b>1,067.78 Lakhs</b> |

A balance of ₹ 726.68 Lakhs was outstanding in GR-IR Upload Control under CWIP as at year-end, for which no detail/reconciliation has been provided to us for our verification therefore we are unable to comment on the same.

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

| G.L Code     | Name of Account      | Excess Capitalised       |
|--------------|----------------------|--------------------------|
| A076225      | CWIP Bldg Diesl Elec | (17.60 Lakhs)            |
| A076619      | CWIP_LT OH Line thro | (472.04 Lakhs)           |
| A076820      | Computers            | (18,833.96 Lakhs)        |
| A076824      | Network & Hardware   | (60.42 Lakhs)            |
| U900001      | GL Upload Control    | (1,09,468.63 Lakhs)      |
| <b>Total</b> |                      | <b>1,28,892.65 Lakhs</b> |



### **Borrowing Cost**

Company does not have a practice of specifically identifying expenses attributable to CWIP/PPE. For the addition made to Fixed assets in the current year amounting to Rs. 192050.24 Lakhs (PY- 130253.89 Lakhs), interest amounting Rs.1411.44 Lakhs (PY-2043.46 Lakhs) has been capitalized during the year. As per the working of interest capitalization, no amount of interest has been transferred to the respective assets which have been capitalized during the year from the head capital WIP instead interest relating to only those assets has been capitalized which are being shown under the head work in progress at the end of the financial year.

Further, in Note No.4A the aging of capital WIP has been given for which no detail working has been provided to us how the age of capital WIP has been determine further in above point we have highlighted that there is various head in capital WIP which is pending for capitalization since very long time but there is Nil reported in Note No. 4A for the capital WIP pending for capitalization for more than 3years.

### **c) Impairment of Assets**

The Company has stated in Para of 'Significant Accounting Policies' (Note 2.9.2 to Financial Statements) that the impairment loss is charged to Statement of Profit and loss in the year in which an asset is identified as impaired as per Ind AS 36. The company has formed a committee to assess the impairment loss incurred if any, the committee is in the process of collecting information from the various field offices, for which various asset wise formats have been circulated to the field office for providing information. However, in the absence of techno economic assessment, we are unable to comment on the effect of the same on the Financial Statements of the Company.

### **d) Interest Claim**

It was observed that the Company has classified the funds received under the RGGVY Scheme under Other Equity. As per management, certain assets under the RGGVY Scheme were initially constructed out of the Company's own funds, and the funds subsequently received under RGGVY are considered as reimbursement of such expenditure, which may be utilized by the Company at its discretion. **However, the Project Head has indicated in the file that "The amount lying unspent seems that pertains to reimbursement of the expenditure already done under RGGY from own resources for which no information is available in the office"** than also the management has transferred the amount from RGGY bank account to the company general bank account for it unrestricted use .Further, interest amounting to Rs. 629.31 Lakhs which include Rs. 502.28 Lakhs pertaining to F.Y. 2024-25 earned on such funds has been recognized as income in the Statement of Profit and Loss under Note no. 22 "Other Income" as "Income from Bank



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Deposit". However, adequate supporting documents or confirmation from the competent authority/REC regarding CSPDCL's ownership and right to use the unspent funds and related interest were not made available. Accordingly, the appropriateness of recognizing Rs. 629.31 Lakhs as income could not be verified and requires appropriate evaluation and accounting treatment.

## e) Leases

Due to non-availability of proper and complete records relating to title deeds of freehold/leasehold land, we are unable to comment on the classification and measurement of freehold and leasehold land as required under Ind AS 116 – Leases as appearing in Note 4 of the financial statements. The Company does not have an accounting policy for leases in accordance with Ind AS 116.

## f) Power Purchase

Attention is invited to Note no 23 related to Cost of Power Purchase amounting to Rs. 22,43,209.98 Lakhs (PY-22,70,061.66 Lakhs). Company enters into long term power purchase agreement (PPA) with different parties which is regulated by Central/ State Electricity Regulatory Commission. True up of rates of power generators is done by the Central/ State Electricity Regulatory Commission after end of the financial year. The differential amount pertaining to earlier years are recognized in the year in which the final tariff order is passed and only upon receipt of power bill from the generators. Based on the documents and explanations provided to us, company does not have an adequate & sufficient internal controls or evidence to confirm that all tariff orders passed by the Central/ State Electricity Regulatory Commission up to the finalization of the audit even in absence of any power bills, debit/credit note from the generators, have been fully accounted for in the financial statement. However, on test check basis, we have not come across any tariff order wherein the accounting effect of True-up is yet to be recognized.

## g) Current Assets

### (i) Cash System of Accounting

Company has adopted Cash System of accounting for Rental from Staff Quarters, Liquidated Damages and Warranty Claims, which, in our opinion, is not in accordance with the accrual concept; the same should be recognized to curb the uncertainty.





### (ii) Trade Receivables

- ❖ The Company has classified all trade receivables as Current. However, certain receivables are significantly overdue and have been substantially provided for, indicating uncertainty regarding their realization within twelve months from the reporting date. Based on the ageing and recoverability assessment, such receivables require appropriate classification as non-current in accordance with the applicable requirements of Schedule III to the Companies Act, 2013. The Company has not made the necessary classification. Consequently, current assets are overstated and non-current assets are correspondingly understated.
- ❖ Further, as per Notification dated 10<sup>th</sup> October 2024 released by Ministry of Power notification, minimum provisioning for trade receivables of a Specified Entity is prescribed based on the period outstanding from the due date of payment. For FY 2025-26, the prescribed rates are 10%, 25%, 40%, 60% and 80% for receivables based on period of balances outstanding, while dues from permanently disconnected consumers require 75% provision. However, in the absence of adequate supporting documents evidencing the nature of disputes, basis of classification and ageing of such receivables, we are unable to comment on the accuracy of their classification.
  - As per Notification dated 10<sup>th</sup> October 2024 released by Ministry of Power In addition to statutory disclosures as mandated under the Companies Act, the Specified Entity shall also prepare the Additional Disclosure Statement for each Financial year in the form and manner as provided in the schedule . however, Company has not prepared one of the disclosures as required in the notification regarding "Gross trade receivable – consumer category wise for sale of energy ".
- ❖ As per explanations provided to us by the management "CSPDCL HT for Rectification" (BP No. – 1024240) is a dummy customer account created for Rectification entries only which should be reconciled and no closing balance should remain in this account, but credit balance amounting to Rs. 43,420.61/- Lakhs is still pending for clearance since 31.03.2017.





❖ Debtors amounting to

- Rs.62,112.65 Lakhs (Rs.24,803.54 Lakhs pending since more than 3 years and Rs.37,309.12 Lakhs corresponding since less than 3 years) are outstanding from the debtors from whom no recovery has been made (Major BP No. showing active status). From the above outstanding debtors, company have security deposit of Rs.17,729.36 Lakhs on which the company is allowing interest to the active customers despite their outstanding liabilities remaining unpaid.
- During the Course of Audit, we found that an amount of Rs.10,638.82 Lakhs under the head Dues Perm Disc Cons (GL Code A100212) which is shown under sundry debtors as receivable since 2013. No proper explanation has been provided for the same therefor we are unable to comment on the same.

It was observed that the excess subsidy received from the Government has been classified under Trade Receivables instead of being recognized as a liability. This misclassification has resulted in an understatement of Trade Receivables as well as an understatement of Liabilities, thereby impacting the true and fair presentation of the financial statements.

| Particular                     | Amount (in Lakhs) |
|--------------------------------|-------------------|
| Opening Bal. of subsidy        | 631.69            |
| Claim Raised During the year   | (6,39,768.59)     |
| Claim Received during the year | 6,61,400.87       |
| <b>Excess Subsidy Received</b> | <b>22,263.97</b>  |

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





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

## A. Bank Reconciliation Statements:

During the course of our audit, we observed that there are Instances of Difference in Bank Balances as mentioned in our accounting software & Bank Balances taken while reconciling such Bank Accounts, Details of which is provided as under and no proper explanation for such differences has been provided by the management of the Company.

| GL CODE | BANK NAME              | ACCOUNT NUMBERS | BALANCE AS PER CASH BOOK (A) | BALANCE AS PER BANK STATEMENT | BALANCE AS PER BANK STATEMENT RECONCILED (B) | DIFFERENCE A-B |
|---------|------------------------|-----------------|------------------------------|-------------------------------|----------------------------------------------|----------------|
| A100414 | State Bank of India    | 35931730575     | CR.65,791.30 Lakhs           | CR. 655,80.50 Lakhs           | CR. 655,80.50 Lakhs                          | 210.80 Lakhs   |
| A100441 | UNION BANK OF INDIA OD | 733605020000102 | CR. 45,984.49 Lakhs          | CR. 43,227.38 Lakhs           | CR. 42,492.51 Lakhs                          | 3,491.99 Lakhs |
| A100456 | Bank of Baroda         | 30740500000045  | CR. 34,463.58 Lakhs          | CR. 3,45,05.30 Lakhs          | CR. 3,44,61.92 Lakhs                         | 1.66 Lakhs     |
| A100420 | S B I -(HO Disburs.)   | 10822707023     | CR. 18,23.24 Lakhs           | CR. 51,76 Lakhs               | CR. 62,50.37 Lakhs                           | 4,427.14 Lakhs |
| A100405 | Union Bank of India    | 619401010050440 | CR. 5.85 Lakhs               | DR. 0.42 Lakhs                | DR. 0.42 Lakhs                               | 6.27 Lakhs     |
| A100407 | DDUGVY Loan UBI A/c    | 619401010050791 | CR. 2.49 Lakhs               | DR. 3.39 Lakhs                | CR. 1.12 Lakhs                               | 1.36 Lakhs     |
| A100452 | UBI Saubhagya A/c      | 619401010050800 | DR. 1,382.20 Lakhs           | DR. 27.69 Lakhs               | DR. 451.50 Lakhs                             | 930.69 Lakhs   |
| A100483 | Union Bank of India    | 619401010050668 | DR. 2,403.79 Lakhs           | DR. 25.99 Lakhs               | DR. 69.79 Lakhs                              | 2,334.00 Lakhs |
| A100462 | CSPDCL IOB CC Account  | 30740200000080  | CR. 49,712.58 Lakhs          | CR. 34,461.92 Lakhs           | CR. 52,12.58 Lakhs                           | 44,500.00Lakhs |
| A100404 | Coll & depo. CGG Bank  | 77014189488     | CR. 26.35 Lakhs              | DR. 305.54 Lakhs              | DR.305.54 Lakhs                              | 331,.88 Lakhs  |

Below Mentioned Series Contains Instances of Bank Balances where Neither Bank Statement was made available nor Bank Reconciliation was produced before us for our verification as given below:





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| GL CODE | BANK NAME            | BUSINESS AREA | ACCOUNT NUMBERS | BALANCE AS PER CASH BOOK |
|---------|----------------------|---------------|-----------------|--------------------------|
| A100401 | Coll & dep # SBI     | 83            | Not Provided    | CR. 130.05 Lakhs         |
| A100404 | Coll & depo. CGGBank | 54            | Not Provided    | CR. 253.45 Lakhs         |
| A100404 | Coll & depo. CGGBank | 83            | Not Provided    | DR. 305.54 Lakhs         |
| A100410 | Disbt bank SBI       | 35            | Not Provided    | DR. 1,086.94 Lakhs       |
| A100422 | PNB Collection Accou | 31            | Not Provided    | DR. 1.54 Lakhs           |
| A100471 | E-TAX payment        | 31            | Not Provided    | DR. 23.56 Lakhs          |
| A100471 | E-TAX payment        | 33            | Not Provided    | DR. 55.96 Lakhs          |
| A100471 | E-TAX payment        | 35            | Not Provided    | CR. 7.14 Lakhs           |
| A100471 | E-TAX payment        | 45            | Not Provided    | DR. 43.17 Lakhs          |
| A100471 | E-TAX payment        | 51            | Not Provided    | DR. 0.34 Lakhs           |
| A100471 | E-TAX payment        | 54            | Not Provided    | DR. 134.31 Lakhs         |

## Cash in Transit:

The balance of **cash in transit** is pending which should be reconciled and nullified at the end of the Financial Year.

| G.L Code                          | Name of account | BusAr. | Amount (Dr)       | Amount (Cr)       | Difference     |
|-----------------------------------|-----------------|--------|-------------------|-------------------|----------------|
| Opening Balance as per Financials |                 |        |                   | -                 | 1,419.84 Lakhs |
| A100305                           | Cash In Transit | 33     | 20,766.79 Lakhs   | 20,757.76 Lakhs   | 9.02 lakhs     |
| A100305                           | Cash In Transit | 37     | 23,301.32 Lakhs   | 2,33,63.56 Lakhs  | (62.24 lakhs)  |
| A100305                           | Cash In Transit | 45     | 19,419.59 Lakhs   | 20,123.41 Lakhs   | (703.82 Lakhs) |
| A100305                           | Cash In Transit | 51     | 14,458.3 Lakhs    | 14,473.34 Lakhs   | (15.02 Lakhs)  |
| A100305                           | Cash In Transit | 83     | 2,27,067.62 Lakhs | 2,26,888.72 Lakhs | 178.90 Lakhs   |
| A100305                           | Cash In Transit | 93     | 15,489.13 Lakhs   | 15,713.76 Lakhs   | (224.63 Lakhs) |
| Closing Balance as per Financials |                 |        | 602.05 Lakhs      |                   |                |

Further, to the above-mentioned difference for the year, there is Closing Balance of Rs.602.05 Lakhs also pending for adjustment since last years. Further the management has provided reconciliation as given below stating that the said amount has been cleared in next financial year but no transaction wise clearance detail has been produced before us for our verification therefore, we are unable to obtain a reasonable assurance on the accuracy of reconciliation and the balance stating in financial statement.





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| RAO | March Balance – 2026 | Cleared in April -2026 | Difference    | Remark                   |
|-----|----------------------|------------------------|---------------|--------------------------|
| 33  | 127.11 Lakhs         | 127.11 Lakhs           | 0.00          | -                        |
| 37  | 128.72 Lakhs         | 128.72 Lakhs           | 0.00          | -                        |
| 45  | 65.74 Lakhs          | 65.74 Lakhs            | 0.00          | -                        |
| 51  | 27.49 Lakhs          | 27.49 Lakhs            | 0.00          | -                        |
| 53  | 4.43 Lakhs           | 0.00                   | 4.43 Lakhs    | Pending Since FY 2021-22 |
| 54  | -773.40 Lakhs        | 0.00                   | -773.40 Lakhs | Pending Since FY 2020-21 |
| 83  | 7,64.35 Lakhs        | 0.00                   | 7,64.35 Lakhs | -                        |
| 93  | 6.45 Lakhs           | 0.00                   | 6.45 Lakhs    | Pending Since FY 2020-21 |

## B. Contingent Assets

As per the provisions of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, disclosure of contingent assets is required in the financial statements of the Company. However, the Company has not disclosed the amount of contingent assets arising from the legal cases filed by the Company

## C. Stores & Spares

- ❖ As per Ind AS 2, the cost of inventories may not be recoverable if those inventories are damaged, or have become wholly or partially obsolete. The practice of writing inventories down below cost to net realizable value is consistent with the view that assets should not be carried in excess of amounts expected to be realized from their sale or use. However, the company had not valued the items appearing in 'Defective and Empties' Account at fair value due to which inventory has been over valued.
- ❖ During the Course of audit, it was found that there were various GL A/c Code of impaired/shortage inventories which were shown under the head inventories (Valued at cost) instead of writing off the list of the some of the GL Code is as below

| G.L code | Name of Account      | Amount         |
|----------|----------------------|----------------|
| A100133  | Scrap & Unserv Matrl | 1,142.55 Lakhs |
| A100132  | Defective & Empties  | 6,062.21 Lakhs |
| A100127  | Stores- Medical      | 22.83 Lakhs    |
| A100123  | Store-Civil Items    | 1.83 Lakhs     |





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## D. Delay Payment Surcharge

Delay payment surcharge payable during the year has not been provided for current year. In addition, thereto, no record of delay payment surcharge payable to parties was produced before us. As per information and explanation provided to us CSPDCL is paying delay payment surcharge to private parties as claimed by them in their invoice.

## E. Renewable Energy Certificate (REC)

Due to non-compliance of RPO (Renewable Power Obligations) target, the company is obliged to purchase REC Certificate. However, the company has not purchased the REC Certificate nor created the provision for purchase of REC Certificate., details of which are given below:

| Type of Sources                                        | Total Consumption (LV, HV and EHV Sales) (MU) | RPO Target    |                 | RPO Achievement |                | Difference (In MU) | Rate Rs./ REC | Amount (Rs in Lakhs) | Exchange Charges @Rs.20/Certificate i.e. 1000 unit. | PTC Charges @2 Paisa/Unit | Total Amount (Rs. in Lakhs) |
|--------------------------------------------------------|-----------------------------------------------|---------------|-----------------|-----------------|----------------|--------------------|---------------|----------------------|-----------------------------------------------------|---------------------------|-----------------------------|
|                                                        |                                               | In %          | In MU           | In %            | In MU          |                    |               |                      |                                                     |                           |                             |
| Wind                                                   | 35200.89                                      | 3.36%         | 1182.75         | 3.91%           | 1377.38        | -194.63            | 0.34          | -661.74              | -38.93                                              | -38.93                    | 739.59                      |
| HPO                                                    |                                               | 1.48%         | 520.97          | 0.74%           | 260.32         | 260.66             | 0.34          | 886.24               | 52.13                                               | 52.13                     | 990.51                      |
| Other RPO (Biomass, Solar, Small hydel & Rooftop etc.) |                                               | 28.17%        | 9916.09         | 10.82%          | 3807.12        | 6108.97            | 0.34          | 20,770.50            | 1,221.79                                            | 1,221.79                  | 23,214.09                   |
| Battery Storage                                        |                                               | 2.00%         | 704.02          | 0.62%           | 218.43         | 485.59             | 0.34          | 1,651.01             | 97.12                                               | 97.12                     | 1,845.24                    |
| <b>Total</b>                                           |                                               | <b>35.01%</b> | <b>12323.83</b> | <b>16.09%</b>   | <b>5663.25</b> | <b>6660.58</b>     |               | <b>22,646.01</b>     | <b>1,332.12</b>                                     | <b>1,332.12</b>           | <b>25,310.24</b>            |





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## F. Difference in Inter Company Balances

During the course of our verification we found that there is Differences in Inter Company balances of the Company. Details are as under: -

| Name                                                           | Balance as per our Books | Respective Balances as per Inter - Company's Books                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chhattisgarh State Power Generation Company Limited (CSPGCL)   | Rs 1,92,448.54/- Lakhs   | Yes, Balance Confirmation and reconciliation of the respective balance has been produced before us for verification.                                                                                                                                                                                                      |
| Chhattisgarh State Power Transmission Company Limited (CSPTCL) | Rs.18,982.03/- Lakhs     | Balance confirmations and reconciliation of the respective balances were produced before us for verification. However, a difference of ₹19,945.51 Lakhs was observed between the confirmed/reconciled balances and the balances as per the books of account. The difference remains unreconciled as at the date of audit. |

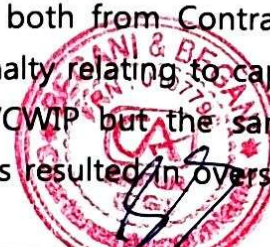
## h) Revenue

- ❖ During the course of Audit, we observed that there is Difference between Revenue Earned Billing Module of SAP & Accounting Module of SAP.

| Category     | As per R15 Report  | As per FICO Module (SAP) | Difference     |
|--------------|--------------------|--------------------------|----------------|
| HT Consumers | 12,32,129.16 Lakhs | 12,32,633.61 Lakhs       | 504.46 Lakhs   |
| LT Consumers | 12,23,704.96 Lakhs | 12,30,835.78 Lakhs       | 7,130.82 Lakhs |
| Total        |                    |                          | 7,635.27 Lakhs |

There exists an unreconciled difference of ₹7,635.27 lakhs between the R15 and SAP Derived from the Working as provided by the Management, further no reconciliation of such difference has been provided to us. Therefore, we are unable to comment on the said difference.

- i) During the audit, it was observed that penalty/liquidated damages recovered under GL Code – I152014, amounting to ₹5,024.34 lakhs, have been booked entirely under "Other Income." This amount includes penalties recovered both from Contractors for delayed capital works and from power purchase vendors. Penalty relating to capital works should be reduced from the cost of the respective asset/CWIP but the same has not been segregated and netted off against asset cost, this has resulted in overstatement of Fixed





Assets/CWIP and overstatement of Other Income, with a consequential impact on depreciation.

The Company should bifurcate the penalty amount between capital-project and power-purchase components, reverse the capital-related portion from Other Income, reduce it from the respective asset/CWIP cost, and recompute depreciation accordingly.

### j) Smart Meter-

During the course of audit, it was found that expenditure of ₹22,791.66 Lakhs and receivable created named as Grant receivable from GOI under RDSS Project (Smart Meter) Rs. 25,482.15 Lakhs has been booked. Further, no supporting documents were furnished to substantiate the above-mentioned Figure therefore we are unable to comment on the accuracy of the above-mentioned figures.

### k) Incidental Store Expenses

It was observed that the Company capitalizes incidental store charges to **Material CWIP** at predetermined rates, such as 5% / 7%, of the value of the respective work/project by passing the accounting entry "Material CWIP Account Dr. To Incidental Store Charges Account."

Consequently, a credit balance is generated in the Incidental Store Charges Account, which is subsequently written off/adjusted against Repair maintenance expenses at the year end. However, the basis for charging incidental store expenses at such predetermined rates and the linkage between the amount capitalized to Material CWIP and the actual incidental store-related expenditure incurred were not available for verification.

Accordingly, the practice of capitalizing incidental store Expense followed by adjustment of the resultant credit balance against other expenses, may result in inappropriate allocation between capital and revenue expenditure.

### l) Identification of Micro, Small and Medium Enterprises as defined under MSMED Act, 2006.

As informed the company has system for identification of enterprises qualifying under the definition of Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). However, the same has not been implemented successfully; hence leading to non-identification of vendor enterprises into Micro or Small or Medium Enterprises. Furthermore, in financial statement amount of





Rs.658.62 Lakhs has been shown as amount payable to MSME creditors under Note No.20 for which no adequate supporting/explanation/party wise list has been provided us that how this amount has been derived that is payable to MSME Trade payable. Therefore, we are unable to comment on the accuracy of classification of MSME and Non MSME trade payable.

Further company file's half-yearly Form MSME-I returns with the Registrar of Companies. As per the return filed for the half-year ended 30th September 2025, the Company reported 27 MSME suppliers, of which payments aggregating Rs. 21,344.49 Lakhs and return filed for the half-year ended 31<sup>st</sup> March 2026, 12 MSME supplier, of which payment aggregating Rs. 4,781.95 Lakhs were made beyond the statutory 45-day period, prescribed under Section 15 of the MSMED Act, 2006. However, the financial statements do not disclose the interest due/paid to Micro and Small Enterprises, as required under Section 22 of the MSMED Act, 2006 read with Schedule III to the Companies Act, 2013. No evidence was provided of computation or provisioning of interest liability under Section 16 of the MSMED Act on account of such delayed payments. In the absence of these disclosures, we are unable to comment on the accuracy and completeness of the Company's interest liability towards Micro and Small Enterprises under the MSMED Act, 2006.

**m) Deemed Deposits under Companies Act, 2013**

As per the information provided to us, the company has not maintained age wise details (ageing schedule) of advances received from customers, thus we are unable to comment on Deemed Deposits as per Sec 73 to 76 of Companies Act, 2013.(Advanced received, if not supplied within 365 days is considered as deemed deposits.)

**n) Internal Audit**

As per Section 138 of the Companies Act, 2013 read with Rule 13(1)(a) of the Companies (Accounts) Rules, 2014, every prescribed company is required to appoint an Internal Auditor. Although the Company has appointed an Internal Auditor, the Internal Audit Reports for the Financial Year 2025-26 were not presented for our consideration.

**o) GST**

- The Company has provided month on month basis GST comparison with Books of accounts in relation to GSTR-3B and GST TDS filed for FY 2025-26, Further as explained by the management that they are in the process of Head-wise annual consolidation of the above mentioned detail due to which we are unable to quantify the consequential impact



on GST liability being under booked or overbooked in books of accounts, if any, on the financial statement for the year under audit.

- The Company has provided a month-wise working that reconciles RCM (Reverse Charge Mechanism) liability Between books of accounts and GST -3B returns for FY 2025-26. However, as this reconciliation involves a large volume of data spread across multiple GL codes, SAP records, and monthly RCM reports, we were unable to verify the accuracy and completeness of the amounts used for tallying the books with the GST returns. Further, management has not provided a head-wise/expense-wise RCM working, in the absence of which we are unable to verify whether expenses have been classified under the correct GST rate and whether all expenses liable to RCM have been identified and covered
- During the course of audit, it has been observed that Company has collected GST on the following ledger which has an outstanding credit balance since 2019, however management claims that payment of outstanding amount has been made through another ledger but no reconciliation/Confirmation that the below mentioned liabilities has been paid or not has been provided to us: -

| G.L code | Name of account       | Amount           |
|----------|-----------------------|------------------|
| L112012  | CGST on HT Meter Rent | Cr. 29.01 Lakhs  |
| L112014  | SGST on HT Meter Rent | Cr. 29.01 Lakhs  |
| L112016  | CGST on LT Meter Rent | Cr. 189.32 Lakhs |
| L112018  | SGST on LT Meter Rent | Cr. 189.32 Lakhs |

**p) Government Grant and Consumer Contribution for Property plant and Equipment**

During the course of audit it was found that the company has performed amortization of the all the Grant through Single GL Code- L030201, without using respective GL Codes through which actually the Grant/Consumer Contribution was received, List of some of those code related to Grant/consumer contribution that were needed to amortize as per the amortization policy of company has been mentioned below, However the amortization related to these GL codes were performed through above mentioned code, due to which we are unable to identify whether the amount of amortization belongs to Consumer contribution/ Government Grant/Deposit work etc.





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| SAP Code | G/L account text     | Closing Balance     |
|----------|----------------------|---------------------|
| A100350  | Deposit work         | CR. 45,295.17 Lakhs |
| L030101  | Cons Contribution HT | CR. 1,515.37 Lakhs  |
| L030102  | Cons Contribution LT | CR. 26,672.76 Lakhs |
| L030115  | Deposit work         | CR. 19,770.38 Lakhs |
| L110705  | Deposit Works Others | CR. 31,584.97 Lakhs |
| L030107  | Incent. rec. PM Sury | CR. 453.72 Lakhs    |

**q) Depreciation short claimed due to delayed capitalization of Capital work in progress**

During the scrutiny of fixed asset Register, it was observed that the capitalization of Capital work in progress was done generally in month end dates. Further, some capitalization was done in the last day of the financial year i.e. 31<sup>st</sup> March, 2026. On enquiry raised by us it was explained to us that delay is due to non- submission of estimates by divisions and assets are commissioned well before their capitalization in the books of accounts. The said accounting treatment has resulted in under booking of depreciation resulting in loss to the company. The amount of such short depreciation could not be quantified in view of non-availability of complete details.

**r) Compliances of Previous Audit Reports-**

During the year, the Company has transferred computer software from Property, Plant and Equipment to Other Intangible Assets, being a correction of the prior year's misclassification pointed out in the CAG's audit observation. As per Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, correction of a material prior period error requires retrospective restatement of the comparative figures, i.e., the corresponding previous year's Balance Sheet, Statement of Profit and Loss, and other financial statements. The Company has not restated the comparative figures resulting in non-compliance with Ind AS 8. Compliances of previous audit report (Statutory Audit) have not been produced before us for our verification and observation, furthermore rectification entries relating to earlier years are still not passed through SAP.





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**s) GBI (Generation Based Incentive) Claim:**

GBI claim is a subsidy received by the Company from the Government against the purchase of solar power from two different parties. The applicable SERC tariff rate is ₹17.91/kWh, out of which ₹5.665/kWh is reimbursed by the Government, whereas the Company is claiming the same at ₹12.25/kWh. The Company has followed the Cash System of Accounting instead of the Mercantile Basis for recording the claim. Further, the supporting documents provided by the Company in respect of the above claim did not include the relevant date-wise details and applicable rates, and the same were not made available for our verification.

**t) Transmission Charges:**

It was observed that no tax has been deducted at source (TDS) on the transmission charges paid by CSPDCL to CSPTCL. The applicability of the relevant provisions of the Income-tax Act, in respect of such payments may be examined, and appropriate compliance may be ensured, wherever applicable.

**u) Suspense Accounts**

There are three suspense accounts maintained by the Company for which no explanation has been provided by the management. The effect of all three accounts has been reflected in Financial Statement under the head "Other Current Liabilities".

Details of which are as follows:

| G.L code | Name of Account           | Amount     |
|----------|---------------------------|------------|
| L114030  | Suspense Loading H.T      | Cr. 59.49  |
| L119999  | Suspense Account          | Cr. 124.83 |
| L119997  | Imp rest Suspense Account | Dr. 4.19   |

All the above-mentioned accounts need to be Reconciled and the resultant impact should be given in the concerned account heads.

**v) Other Payable and Trade payable**

During the course of audit, it was found that GL A/c Code A100370 "Service tax super" amounting to Rs. 24.38 Lakhs is shown under the "Other Financial Asset" in financial statement and GL A/c Code L115053 "GR/IR Clearing account" amounting to Debit Bal. of Rs. 27,541.29 Lakhs is shown under the "Trade Payable" in financial statement which is outstanding since long period of time for which no detail has been provided to us.





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Further, in Note No.20 the ageing of Trade Payables has been given for which no detail working has been provided to us how the age of Trade Payables has been determined.

## w) Other non-Current Assets

During the course of audit, it was found that GL A/c Code A102302 "Commercial Tax Receivable" Debit Balance amounting to Rs. 4,368.78 Lakhs is shown under the "Other Non-Current Tax Assets" in financial statement out of which 4,236.20 Lakhs is outstanding since long period of time for which no details has been provided to us.

## x) Fraud and Embezzlement

During the course of audit, instances of fraud and embezzlement aggregating ₹446.04 Lakhs were observed in the Durg and Rajnandgaon Divisions of the Company. This indicates a weakness in the Company's internal control system, particularly with respect to safeguarding of assets/cash and monitoring of transactions at the divisional level.

## y) Upload Control A/C

During the course of audit, it was observed that various upload control account was found which has to be reconciled and nullified but the same has been not done and there is huge balances is still outstanding from long time detail of some account are as below.

| G.L code | Name of Account      | Amount                |
|----------|----------------------|-----------------------|
| L010190  | Initial Uploading FI | Dr. 1,233.44 Lakhs    |
| L010191  | Initial Uploading FI | Cr. 3,524.18 Lakhs    |
| U900001  | GL Upload Control    | Dr. 126.58 Lakhs      |
| U900001  | GL Upload Control    | Cr. 1,09,468.63 Lakhs |
| U900004  | GR-IR Upload Control | Dr. 726.68 Lakhs      |
| U900007  | CWIP Upload Control  | Dr. 34,511.09 Lakhs   |

## z) Additional Disclosure Statement

The Company has prepared the additional disclosure statement as required under the notification dated 10th October 2024 issued by the Ministry of Power. However, the said statement was not supported by adequate underlying evidence/documentation to substantiate the figures and particulars disclosed therein. In the absence of such supporting evidence, we are unable to comment on the accuracy and completeness of the disclosures made in the said statement





### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

As stated in Note No. 14 of the Financial Statements, the Company has a negative net worth of ₹ 1,19,652.96 Lakhs (PY – ₹ 2,93,378.85 Lakhs). The accumulated losses as at 31 March 2026 are ₹10,38,081.40 Lakhs (PY – ₹ 10,42,290.58 Lakhs), which exceed 50% of the Company's net worth. Further, the current liabilities as at 31<sup>st</sup> March 2026 exceed the current assets. However, considering that the Company is 100% owned by the State Government of Chhattisgarh, which can provide additional equity funds, and based on management's assessment, the Financial Statements have been prepared on a going concern basis. We have relied on the management's assessment and our audit report has not been modified in this regard

### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, for Each matter below, our description of how our audit addressed the matter is provided in that context

| <b><u>Key Audit Matters</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b><u>How auditor addressed these points</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>Revenue Recognition</u></b></p> <p>for the year ended March 31, 2026, the Company has recognized revenue from operations of Rs. 26,63,491.06 Lakhs (PY- 27,16,918.84 Lakhs). Revenue recognition has been recognized as a key audit matter due to complex identification of transfer of significant risk and rewards in case of domestic sales.</p> <p>We have identified following key areas for consideration:</p> <p>The contractual terms for recording of revenue pertaining to year end ensuring accrual of same</p> <p><b><u>RELATED DISCLOSURES:</u></b></p> <p>Please refer to Note-2.4 for details of the accounting policies of revenue recognition and Note-21 of notes to financial statements for relevant disclosures of Revenue.</p> | <ul style="list-style-type: none"> <li>• Our audit procedures included the evaluation of the Company's revenue recognition accounting policies and assessing compliance with the policy in terms of IND AS 115.</li> <li>• Performed walkthroughs and test of controls, of the revenue recognition processes and assessed the design and operating effectiveness of key controls.</li> <li>• Performed substantive testing on selected samples of revenue transactions recorded during the year by testing the underlying documents including contracts, invoices, goods dispatch notes and customer receipts, wherever applicable.</li> <li>• Tested a sample of journal entries posted to revenue ledgers to identify any unusual items. -Assessed the disclosures made by Co.</li> </ul> |



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## Cost of Power Purchase

During the year the company has incurred expenditure amounting to Rs. 22,43,209.98 Lakhs (PY-Rs. 22,70,061.66 Lakhs) on cost of Power Purchase which constitutes approx. 85% of total expenses before exceptional items. Accordingly, the above has been determined as a key audit matter

We have identified following key areas for consideration:

- Accrual of expenses as on 31-03-2026
- Booking of expenses on account of true up activity of power generators till date of audit report.

## RELATED DISCLOSURES:

Please refer to Note No. 23 of the financial statement for relevant disclosures of Cost of Power purchase made during the year & Para (g) of Basis of Qualified opinion paragraph.

Our audit procedures included and were not limited to the following:

- Examined the completeness of power cost booked till March'26.
- Tested sample parties for ensuring billing of 12 month for power purchases made during the year.
- Examined the amounts recorded as Cost of Power Purchase during the year on a sample basis by inspecting supporting documents and evaluating whether the expenses satisfied the recognition criteria and were recognized accurately in the correct periods and with correct amount.
- Tested sample cases from website of CSERC (Chhattisgarh State Electricity Regulatory Commission) for effect of true up order passed till date of our audit.

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS**

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.





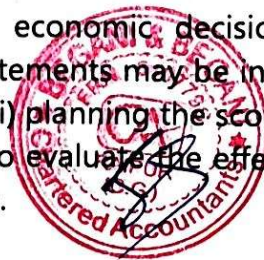
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.





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

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

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

### **OTHER MATTERS**

- a) The AGM of the Company for FY 2024-25 was held on 12-11-2025. Form MGT-7 for FY 2024-25 was filed with the Ministry of Corporate Affairs (MCA) on 29-01-2026 which is filed beyond 60 day of AGM.
- b) The Company was required to appoint a Woman Director pursuant to Section 149 of the Companies Act, 2013 read with the applicable rules. However, the Company has not appointed a Woman Director and, accordingly, is not in compliance with the said provisions.
- c) As per Section 204(1) of Companies Act 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which mandates Secretarial Audit for every Public Company, the company has appointed Secretarial auditor for Secretarial audit but Secretarial Audit Reports for the financial year 2025-26 are undergoing preparation.
- d) As per Section 178(1) of Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, every listed company and public company which has paid up share capital of 100 crore or more, or which have, in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs.50 Crores need to form a Nomination and Remuneration committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Company





does not have any Nomination and Remuneration committee due to non-availability of independent directors.

- e) As per Sec 177 (1) of Companies Act, 2013 read with Rule 6 and 7 of Companies (Meeting and Power of Board) Rules, 2014 which deals with requirement to form Audit Committee, the Company does not have Independent Director in its Board of Directors as required by Sec 149 of the Companies Act, 2013 consequent to which the Company could not comply with the above provision.

Our opinion is not qualified in respect of paragraph (a) to (e) under other matter.

### Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, **except for the effects/possible effects of the matters described in the basis for Qualified Opinion paragraph** in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
  - In our opinion, the aforesaid Ind AS financial statements does not comply to the extent as mentioned in our Report with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended
  - On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.





- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations as at 31 March, 2026 on its financial position in its financial statements. (Note no. 30.2 to Financial Statements)
  - The Company has made provisions as at 31<sup>st</sup> March, 2026, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - The Company has not transferred any amount to the Investor Education and Protection Fund during the year ended 31 March, 2026.
  - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.





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- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has neither declared nor Paid any Dividend during the year.
- vi. Based on our examination, which include test checks, the company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit logs) facility and the same has operated throughout the year for all relevant transaction recorded in the software. Further, during the course of audit, we did not come across any instance of audit trail feature being tampered with for aforesaid period. Additionally, the audit trail has been preserved by company for the aforementioned period.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "**Annexure C**" on the directions and sub-directions issued by Comptroller and Auditor General of India.

For, **BEGANI & BEGANI**  
**CHARTERED ACCOUNTANTS**  
(FRN : 010779 C)

(SANKALP SOHANEY)

PARTNER

M.NO. 434993

UDIN : 26434993JMRDRD2199



DATE : 30.09.2026  
PLACE : RAIPUR (C.G.)



## **ANNEXURE "A" TO THE AUDITORS' REPORT**

### **Report on the Internal Financial Controls**

**under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED** ("the Company") as of 31 March, 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

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

### **AUDITORS' RESPONSIBILITY**

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





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

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

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.





## **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

## **OPINION**

***In our opinion, the Company have an adequate internal financial controls system over financial reporting subject to Qualified opinion and such internal financial controls in our opinion were operating effectively as at 31 March, 2026, subject to Qualified opinion based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.***

## **The major observations of Qualified opinion are as under:**

- a. Accounting under proper heads of Account was not correctly done at initial stages in SAP software. This has resulted in difference between the opening balances as per SAP software and opening balances as per financial statements. Further as per information and explanation provided, the differences that arose at the first time adoption of Accounting Software "SAP" have been adjusted through Capital Work-in-progress by passing the adjustment entries in accounting software.
- b. The current year closing figures as reported in the Balance Sheet are derived from the Trial Balance of SAP after passing such adjustment entries.
- c. Internal financial control for the conversion of capital work in progress into fixed assets has not been correctly reflected in the accounting software, this has resulted in difference in the capitalization figures as disclosed in the financial statements and figures as shown in the Books of accounts maintained in the accounting software. Further the capitalization of capital work in progress is done on the last day of the month resulting in depreciation being under booked.





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- d. Bank Reconciliation of various bank accounts as mentioned in 'Basis for Qualified Opinion' has not been done resulting in differences with Bank balance as per Bank.
- e. The Company also needs to strengthen an appropriate internal control system for Revenue Recognition on account of Revenue from Sale of Power as there is a difference in Billing module & FICO Module.
- f. The company should take efforts for obtaining confirmations and should reconcile the intercompany balances on priority basis.

**For, BEGANI & BEGANI**  
**CHARTERED ACCOUNTANTS**  
**(FRN : 010779C)**



**(SANKALP SOHANEY)**  
**PARTNER**  
**M.NO. 434993**  
**UDIN: 26434993JMRDRD2199**

**DATE : 30.09.2026**  
**PLACE : RAIPUR (C.G.)**



## **ANNEXURE "B" TO THE AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2026, we report that:

**(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:**

- (a) The Company has maintained records of Property, Plant and Equipment. However, *voucher no., supplier name, quantitative and situation wise details are not maintained in the fixed assets register.*

The Company has maintained records of Intangible Assets. However, *voucher no., supplier name, quantitative and situation wise details are not maintained in the fixed assets register*

- (b) The management has explained that physical verification of fixed assets is a perpetual process undertaken at divisional and sub-divisional level. *As the relevant records of the physical verification were not produced before us for our review, we are not in a position to comment thereon.*

- (c) The company possesses land received from MPSEB wherein records were not handed over, for re-organization of erstwhile MPSEB due to non-traceability; *hence we are not in a position to comment thereon.*

- (d) The Company has not revalued any of its Property, Plant and Equipment (including right- of- use assets) and intangible assets during the year.

- (e) No proceedings have been initiated during the year or are pending against the Company as at March31,2026 for holding the Benami Transactions (Prohibition)Act, 1988 (as amended in 2016)and rules made thereunder.

**(ii) In respect of its inventories:**

- (a) As per information and explanation given to us, physical verification of inventory is a perpetual process undertaken at stores. *As the relevant records of the physical verification were produced before us for our review.*





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As per information and explanation given to us, the company is maintaining proper records of inventory. However, the effect of discrepancies, though not material as identified in PV report have not been recognized in the books of accounts.

- (b) The Company has been sanctioned working capital limits in excess of ₹5crore, in aggregate from banks or financial institutions on the basis of security of current assets and as informed by the management. No quarterly statements have been filled as banks has waived off the requirements.
- (iii) The Company has not made any investments or provided any Loans or Advances in the nature of Loans or has given any guarantee to, companies, firms, Limited Liability Partnerships, during the year, hence, reporting under clause 3(iii) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee, or security and has not made any investment referred under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from Directors, Promoters or their relatives and Inter Corporate deposits which are covered under Section 73 to 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- (vi) The company falls within the threshold limit specified for Maintenance of cost records as per section 148(1) of the Companies Act, 2013. However, as informed to us the relevant cost audit records are under preparation for the Financial Year 2025-26.

**(vii) In respect of statutory dues:**

- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2026 for a period of more than six months from the date of becoming payable.





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b. Dues of CSPDCL which have not been deposited on account of dispute are as under:

**In respect of Income Tax Act, 1961**

| Sr. No. | Assessment Year | Gross Tax Liability demanded (in Lakhs) | Unpaid Tax Liability (in Lakhs) | Authority before which case is pending         |
|---------|-----------------|-----------------------------------------|---------------------------------|------------------------------------------------|
| 1.      | 2006-07         | 37,336                                  | 26,960                          | ITAT Mumbai has passed order in favor of CSEB. |

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

c. The company through the online system of Income Tax Department has retrieved that an amount of Rs. 436 Lakhs (PY 605 Lakhs) is outstanding against TDS liability (Short Deduction. Short Payment). The company is in process of obtaining necessary information of such distinguished cases from its decentralized office and Income Tax Department and liability will be provided only after due appraisal on cases to case basis.

Appeals have been filed by the company against the assessment order of the Income tax departments before Commissioner (Appeals) and ITAT, where issues is related with disallowance of expenditure, depreciation and other misc. matters like penalty for delay filing of tax audit report etc. The amount involved in all those cases could not be ascertained by the company at this stage. The year wise details of cases pending with Income tax department are as under:

| S.No. | Assessment Year | Appeal Number                                            | Pending with  |
|-------|-----------------|----------------------------------------------------------|---------------|
| 1     | 2018-19         | Appeal filed by CSPDCL against Notice of demand u/s 156  | CIT (Appeals) |
| 2     | 2019-20         | Appeal filed by CSPDCL against rectification application | CIT (Appeals) |
| 3     | 2024-25         | Appeal filed by CSPDCL against Notice of demand u/s 156  | CIT (Appeals) |





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## In respect of Value Added Tax

The Commercial Tax Department is of the view that transformer purchased outside local area is taxable @5% whereas tax paid is @1% and also further the company has deposited additional tax of Rs. 495.13 Lakhs and also the company has filed an appeal before additional commissioner of commercial tax.

| Sr. No. | Financial Year | Gross Tax Liability disputed (Rs. in lakhs) | Additional tax paid (Rs. In lakhs) | Authority before which case is pending     |
|---------|----------------|---------------------------------------------|------------------------------------|--------------------------------------------|
| 1.      | 2013-14        | 118.88                                      | 59.44                              | Additional Commissioner of Commercial Tax. |
| 2.      | 2014-15        | 799.48                                      | 399.74                             | Additional Commissioner of Commercial Tax. |
| 3.      | 2017-18        | 239.66                                      | 35.95                              | Additional Commissioner of Commercial Tax. |
|         | <b>Total</b>   | <b>1,158.02</b>                             | <b>495.13</b>                      |                                            |

## In Respect of Service Tax

- ii) Additional Director General of GST Intelligence Bhopal Zonal Unit have issued SCN dated 18-10-2018 demanding service tax of Rs. 9,459 Lakhs on Meter Rent, Compensation Charges Penalty Recovered from contractors, Parallel Operation Charges, and non-tariff miscellaneous charges etc. as follows:

| Financial year      | Service Tax Demand (Rs. In Lakhs) | Authority before which case is pending                                                   |
|---------------------|-----------------------------------|------------------------------------------------------------------------------------------|
| 2013-14             | 3,995                             | The company has filed writ petition before Hon'ble High Court of Bilaspur, Chhattisgarh. |
| 2014-15             | 1,449                             |                                                                                          |
| 2015-16             | 1,547                             |                                                                                          |
| 2016-17             | 1,943                             |                                                                                          |
| 2017-18 (UPTO June) | 525                               |                                                                                          |
| <b>Total</b>        | <b>9,459</b>                      |                                                                                          |





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- iii) Additional Director General of GST Intelligence Raipur Unit have issued SCN dated 16.10.2019 demanding service tax Rs.1,326 Lakhs on System Strengthening Charges as follows:

| Financial year      | Service Tax Demand<br>(Rs. In Lakhs) | Authority before which case<br>is pending                                                      |
|---------------------|--------------------------------------|------------------------------------------------------------------------------------------------|
| 2014-15             | 215                                  | The company has filed writ<br>petition before Hon'ble High<br>Court of Bilaspur, Chhattisgarh. |
| 2015-16             | 303                                  |                                                                                                |
| 2016-17             | 647                                  |                                                                                                |
| 2017-18 (till June) | 161                                  |                                                                                                |
| <b>Total</b>        | <b>1,326</b>                         |                                                                                                |

- iv) It was observed that a Writ Petition bearing No. 107/2020 has been filed against Show Cause Notice No. 5837 issued for recovery of Service Tax/GST amounting to Rs. 994 lakh in respect of System Strengthening Charges and Supply Affording Charges. The demand pertains to the period from FY 2017-18 (from July 2017) & FY 2018-19 (upto July 2018) , based on an investigation conducted by the concerned authorities. The matter is presently under litigation.

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

- (ix) (a) The Company has not defaulted in repayment of any loans or other borrowings from any lender or in the Payment of Interest thereon to any lender. Hence reporting under clause 3(ix) (a) of the Order is not applicable.

- (b) The Company has not been declared willful defaulter by any bank or financial institution nor government or any government authority.

- (c) The company has taken term loans during the year and has applied the same for its intended purpose of borrowing.

- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used during the year for long-term purposes by the Company.





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- (e) The Company is not having any Subsidiary and hence, reporting under clause 3(ix)(e) of the Order is not applicable for the year.
- (f) The Company is not having any Subsidiary, joint venture or associate company and hence reporting on clause 3(ix)(f) of the Order is not applicable for the year.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Following are the instances where we have found cases of Fraud and Embezzlement involving employees of the Company:

| Name of Office                                           | Case Description                                                | Amount               |
|----------------------------------------------------------|-----------------------------------------------------------------|----------------------|
| Executive Engineer (O&M), Kawardha Division, Rajnandgaon | Misappropriation at EE (O&M) Division, Kawardha by office staff | 429.34 Lakhs         |
| Durg                                                     | Loss of Material theft at Durg, Damage by Fire at Saja          | 16.70 Lakhs          |
| <b>Total</b>                                             |                                                                 | <b>4,46.04 Lakhs</b> |

- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) No whistle blower complaints have been received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.





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- (xiv) The company fall within the threshold limits required for complying with Internal Audit as per provisions of Section 138 of the Companies Act. However, as explained by the management the Internal Audit is still in progress therefore No report has been produced before us, Hence, we are unable to comment upon the same.
- (xv) In our opinion during the year the Company has not entered in to any non-cash transactions with its Direct or persons connected with its directors and hence provisions of section192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a)In our opinion, the company is not required to be registered under section45-IA of the Reserve Bank of India Act,1934. Hence, reporting under clause 3(xvi)(a),(b) and (c)of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) There has been no resignation of the statutory auditors of the Company during the year.
- (xviii) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due with in a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.





# BEGANI & BEGANI

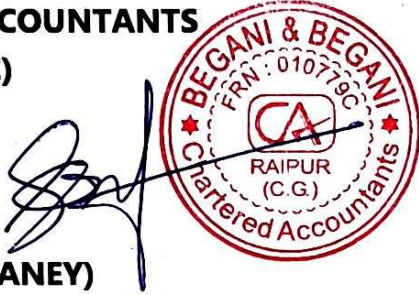
CHARTERED ACCOUNTANTS

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(xix) As per Section 135 of the Companies Act, 2013, a company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. However, the company does not fall within the threshold required for complying with CSR activities, so the company is not under any obligations to undertake any such activities.

For, **BEGANI & BEGANI**  
**CHARTERED ACCOUNTANTS**  
(FRN : 010779 C)



(**SANKALP SOHANEY**)

**PARTNER**

**M.NO. 434993**

**UDIN : 26434993JMRDRD2199**

**DATE : 30.09.2026**

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



### COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of **Chhattisgarh State Power Distribution Company Limited** for the **year ended 31<sup>st</sup> March, 2026** in accordance with the directions/sub-directions & Specific Sector Directions issued by Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with the directions/sub-directions issued to us.

**For, BEGANI & BEGANI**  
**CHARTERED ACCOUNTANTS**  
**(FRN: 010779C)**



**(SANKALP SOHANEY)**

**PARTNER**

**M.NO. 434993**

**UDIN : 26434993JMRDRD2199**

**DATE : 30.09.2026**

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



**ANNEXURE "C" TO THE AUDITOR'S REPORT**

Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of CSPDCL on the Ind AS Financial Statements for the year ended 31 March, 2026

**Revised Directions under section 143(5) of the Companies Act, 2013 for the year 2025-26**

| Sl. No | Directions                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Remarks/Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements | We confirm that the amounts relating to post-retirement employee benefits of employees have been transferred by CSPDCL to the CSEB Trust, which is an independent body and operates independently of CSPDCL. Upon transfer of the funds to the Trust, the management and administration of such funds, including their investment and other related matters, are dealt with by the Trust.<br>CSPDCL does not have control over the funds after their transfer to the CSEB Trust and, accordingly, does not maintain detailed information regarding the subsequent investments made by the Trust, including whether such investments are in quoted or unquoted securities. Such information can be confirmed only by the CSEB Trust, being the entity responsible for managing and investing the funds. |
| 2.     | Whether the Company has a system in place to process all the accounting transactions through IT system? if yes, whether review of this system and controls that are significant to the Companies' financial reporting process as well as cyber security has                                                                                                                                                                                                                              | Based on representation received from management, the company has system in place to process all the accounting transactions through IT system. But going through the system, it was found that:<br>a. The depreciation on the fixed assets was calculated manually and then the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



# BEGANI & BEGANI

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|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <p>been done by Information Security Auditing Organizations empaneled by Cert-In at a minimum frequency of once in a year and material discrepancies found, if any, have been suitably reported? The implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications may also be reported.</p>                                                                  | <p>entry was recorded in the system.</p> <p>b. The rectification Entries which was passed for finalization of Financial Statement for the Year to date is not recorded in system.</p> <p>The Company has engaged 9USRCraft LLP for conducting a cybersecurity audit of its IT systems, evaluated against the CEA (Cyber Security in Power Sector) Guidelines, 2021, vide report dated 29th June 2026, for the audit conducted during 1<sup>st</sup> April 2026 to 15th April 2026. Of the 19 controls assessed out of which 10 were reported as Compliant and 8 as Partially Compliant. But 1 as non-compliant regarding non-adherence to ISO/IEC 27019 and IS 16335, for which Company has not provided any details for its further compliance. We note that the audit was conducted and reported subsequent to the financial year ended 31st March 2026, and no information security audit report specifically covering the period of the financial year under audit was made available for our verification</p> |
| 3. | <p>Whether funds (grant/ subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting of interest earned on grants received has been done as per terms and conditions of the Grant. List the cases of deviation.</p> | <p>Based on the representation received from Management and records examined, the funds received/receivable from the Central/State Government have been accounted for and utilized in accordance with the applicable terms and conditions provided ,Observation with respect to matter relating to the RGGVY Claim as reported in Para (d) and Subsidy Ledgers reported in Para (g)(ii) of the basis of the qualified opinion section of the Audit Report shall be read altogether .</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |





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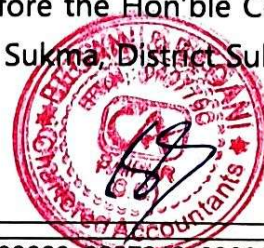
|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                 |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?                                                                                                                                                                                                                    | We confirm that the Company has identified its key risk areas and has an appropriate Risk Management Policy to mitigate such risks. The policy has been formulated considering relevant best practices, and material data assets have been identified and appropriately valued. |
| 5. | Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted. | As per the representation made by the Management, the Company has complied with the applicable SEBI LODR quarterly filing requirements for its listed bonds                                                                                                                     |





## Sector specific sub-directions under Section 143(5) of the companies Act, 2013 for FY 2025-26

| SL No. | Directions                                                                                                                                                                                                         | Remarks/Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Adequacy of steps to prevent encroachment of idle land owned by company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided. | <p>As informed by the field offices, there is no encroachment on the Company's land, except for the cases specifically reported below. Further, various 33/11 KV Sub-Stations have been protected through area fencing, chain-link fencing and boundary walls. During the period under audit, the following locations were identified and protected by Management, division-wise:</p> <p><b>Ambikapur Division</b><br/> <b>Area Fencing:</b> Kedama, Dewadand, Madusarai and Bashantpur.<br/> <b>Boundary Wall:</b> Mainpat, Udaipur and Ramanujnagar.</p> <p><b>Bilaspur Division</b><br/> <b>Area Fencing:</b> 33/11 KV S/S Lagra (Koyla Vihar), Dagoritala, Tilai, Sarasdol and Pandey Khamariya.<br/> <b>Boundary Wall:</b> 33/11 KV S/S Baloda.</p> <p><b>Jagdulpur Division</b><br/> <b>Chain-Link Mesh/Area Fencing:</b> Chitaloor, Badrakali, Mirtur, Chondimetawada, Jagargunda and Metapal.</p> <p>In respect of <b>33/11 KV S/S Mastan Para, Sukma</b>, due to illegal occupation of the Company's land, Case No. 191/2025, Meena Devi Chouhan vs. CSPDCL &amp; Others, is under hearing before the Hon'ble Court of Civil Judge, Senior Division, Sukma, District Sukma (C.G.).</p> <p>Raipur Division</p> |





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**Chain-Link Fencing:** BNB School at Tilda under D/C of O&M Division, Raipur.

**Area Fencing:** Balargaon Dn., Dhamtari; Champaran under O&M Dn. Nayapara-Rajim; Mega Food Park under O&M Dn. Kurud; Village Aamgoan under Belargaon Sub-Dn. of O&M Dn. CSPDCL Dhamtari; Village Chandi under Khorpa D.C. of O&M Dn. Nayapara-Rajim; Village Donar under Sub-Dn. Arjuni of O&M Dn. CSPDCL Dhamtari; Village Charmudiya under Kurud of O&M Dn. CSPDCL Kurud; Village Polkarra under Basin D/C of O&M Dn. CSPDCL Nayapara-Rajim; Kaspur under Belargaon D/C of O&M Dn. CSPDCL Dhamtari; Village Jangada under Hathband D/C of O&M Dn. CSPDCL Bhatapara; Village Gadadih under Bhatapara Rural D/C of O&M Dn. CSPDCL Bhatapara; Village Turma under Lawan D/C of O&M Dn. CSPDCL Balodabazar; Rawabhata Zone of O&M Dn. CSPDCL Bhatapara; Karmchari Nagar under City Division Durg; Ashoka Ratan under Raipur; and Anandam World City, Raipur.

**Boundary Wall:** Bhakhara under O&M Dn. Kurud; Village Sonpur under Chandan D/C of O&M Dn. CSPDCL; Kasdol EE Project Dn., Balodabazar; Duldula S/S under Simga D/C of O&M Dn. CSPDCL Bhatapara; Pallari Sub-Division Office Premises; Ambedkar Chowk, Bhatapara; Metal Park under O&M Dn. Urla, Raipur; Tamaseoni under O&M Division Atal Nagar, Nava Raipur; Mana under O&M Division Atal Nagar, Nava Raipur; and Patan under O&M Division, Bhilai.

**Atari under City Division North, Raipur:** Due to illegal occupation of the Company's land, Case No. 213 (31)/2024, Gurmeet Singh Sire & Others vs. CSPDCL & Others, is under hearing before the Hon'ble Court of Second Additional Civil Judge, Senior Division, Raipur.





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**Village Jarway @ Hirapur:** In the matter, an appeal/revision has been filed by Chandan Sahu before the Hon'ble Revenue Court, Raipur. Case No. 15/26 (RN/14/R&A&6/165/2026), issued on 17.06.2026, was heard on 30.06.2026, and Case No. 344/26 (RN/14/R&A&6/165/2026), issued on 06.08.2026, was heard on 25.08.2026. The matter is under hearing before the Hon'ble Revenue Court (Circuit Court), Raipur.

## **Rajnandgaon Division**

Construction of boundary wall for Sub-Division Office premises, Gandai, under O&M Dn. Khairagarh.

Construction of boundary wall at Amlipara D.C. under O&M Dn. Khairagarh.

Construction of 1.50 metre high boundary wall at 33/11 KV S/S Chikhali under O&M Dn. Rajnandgaon.

As per the information provided by AE (O&M), Chowki, a portion of the premises of **33/11 KV S/S Ambagarh Chowki** has been encroached upon by a private party and the matter is under investigation. Further, the **33/11 KV S/S premises at Jalbandha** is under litigation.

**Thus, the reported cases of encroachment/litigation are as follows:**

**33/11 KV S/S Atari, City Division North, Raipur** – Case No. 213 (31)/2024, Gurmeet Singh Sire & Others vs. CSPDCL & Others – hearing under process.

**Jarway under Hirapur** – Case No. 344/26/RN/14/R&A&6/165/2026, Chandan Sahu vs. CSPDCL & Others – hearing under process.

**33/11 KV S/S Mastan Para, Sukma** – Case No. 191/2025, Smt. Meena Devi Chouhan vs. CSPDCL & Others – hearing under process.

**33/11 KV S/S Ambagarh Chowki** – portion of the premises encroached upon by a private party, matter under investigation.

**33/11 KV S/S Jalbandha** – matter under litigation.





# BEGANI & BEGANI

CHARTERED ACCOUNTANTS

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|   |                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be awaited. | Subject to our comment against point no.1 of Directions u/s 143(5), the company has not acquired any land during the period under audit.                                                                                                                                                                                                                                                                                                    |
| 3 | Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?           | Based on the representation received from the Management and our examination, the Company has not entered into any agreements with franchisees for distribution of electricity in selected areas or revenue-sharing arrangements during the year under audit. Further, in respect of smart meters installed by third parties, no agreements or documents relating to revenue-sharing arrangements were made available for our verification. |
| 4 | Report on the efficiency of the system of billing and collection of revenue in the company.                                                                                                                 | As represented by department, It is submitted that the billing efficiency and collection efficiency in the year 2024-25 was 86.18% and 100% respectively. For the financial year 2025-26, the Company has reported billing efficiency of 88.49% and collection efficiency of 96.39% .<br><br>                                                           |



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|---|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Whether tamper proof meters have been installed for all consumers? If not then, examine the accuracy of billing is ensured.                            | <p>It is submitted that all electronic meters having data downloadable facility are enabled with tamper indication, but not temper proof meters. Hence, CSPDCL is also purchasing all single-phase and three-phase meters having tamper indication facility and are being installed in field also since 2008. At present the electronic meters are being replaced by smart meters under RDSS from March 2024 onwards (except agriculture consumers. All metered single phase consumers and three phase consumers are metered with tamper indication).</p> <p>Proper billing is ensured by,</p> <ul style="list-style-type: none"><li>▪ Spot billing is implemented in LV1, LV2 &amp; LV5 category (below 15 HP) for connections.</li><li>▪ AMR has been installed at all HT consumers and some 15-50 HP LT consumers.</li><li>▪ Regular checking of connection been ensured by dedicated vigilance and O &amp; M checking teams.</li></ul> <p>On the basis of temper indication industrial and heavy load connection and their consumption monitored by field offices.</p> |
| 6 | Whether the company recovers and accounts the State Electricity Regulatory Commission (SERC) approved fuel and power purchase adjustment cost (FPPCA)? | <p>In compliance to the provisions contained at Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) (First Amendment) Regulations, 2023, Fuel &amp; Power Purchase Adjustment Surcharge (FPPAS) is being worked out. After computation of FPPAS, same is being forwarded to EITC for making all arrangements in SAP system to bill all HT/LT consumers at the prescribed FPPAS (in %) and to make arrangements for computation of differential claim of FPPAS which shall be recoverable after approval by the Commission during true up.</p>                                                                                                                                                                                                                                                                                                                                    |



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| 7                                                              | Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies have been completed. The reason of difference may be examined.                     |                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                                           | Balance as per Books (SAP)                                                                                                                                                                                | Respective Balances of Inter -Company's Books                                                                                                                                                                                                                                                                             |
| Chhattisgarh State Power Generation Company Limited (CSPGCL)   | Rs<br>1,92,448.54/-<br>Lakhs                                                                                                                                                                              | Yes, Balance Confirmation and reconciliation of the respective balance has been produced before us for verification.                                                                                                                                                                                                      |
| Chhattisgarh State Power Transmission Company Limited (CSPTCL) | Rs.18,982.03/-<br>Lakhs                                                                                                                                                                                   | Balance confirmations and reconciliation of the respective balances were produced before us for verification. However, a Difference of ₹19,945.51 Lakhs was observed between the confirmed/reconciled balances and the balances as per the books of account. The difference remains unreconciled as at the date of audit. |
| 8                                                              | Whether the company is supplying power to franchisees, if so, whether the company is not supplying power to franchisees at below its average cost of purchase.                                            | Based on the representation received from the management, the company has not supplied power to any franchisee during the period under audit.                                                                                                                                                                             |
| 9                                                              | How much tariff roll back subsidies have been slowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government shortfall if any may be commented | Based on the representation received from the management, No tariff roll back subsidies have been received.                                                                                                                                                                                                               |





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|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10. | Examine and report w.r.t. the transactions related to realization of revenue from various segment of consumer.                                                                                                 | Based on our test check and subject to our comments in main audit report of Internal Financial Control, the transactions related to realization of revenue from various segment of consumer has been properly dealt under books of accounts of the company. However, Para (h) of basis of qualified opinion of audit report regarding differences between the billing module and accounting software should be read altogether. |
| 11. | Examine and report the transactions related to Miscellaneous Government subsidies other than stated at point no. 9 above.                                                                                      | The Subsidy received from government has been properly accounted in the books of accounts. Refer Note 21 "Revenue from operations" and Note 22 "Other Income" of Financials for Details. Observation with respect to matter relating to the RGGVY Claim as reported in Para (d) of the basis of the qualified opinion section of the Audit Report shall be read altogether.                                                     |
| 12. | Whether first and final trial balances and internal audit report was provided by the Company along with financial statements. Reasons for substantial differences between the trial balances may be furnished. | The first and final trial balances have been produced before us and the same is received, however, they do not match or reconcile with the SAP records. Additionally, the internal audit report for FY 2025-26 has not been produced before us for the verification and hence we are unable to comment and report on the same.                                                                                                  |
| 13. | Whether all documents relating to deposit works, final account of respective works etc. were available with the company.                                                                                       | Based on the representation received from management, Company is maintaining documents relating to deposit works. However, final account of respective works was not made available to us for verification.                                                                                                                                                                                                                     |
| 14. | Whether reconciliation of balances with sister concerns and outside Companies were carried out by the Company without variation.                                                                               | The reconciliation of balances with our sister concerns, CSPGCL and CSPTCL - Balances are subject to confirmation and reconciliation for CSPTCL as no external confirmation has been provided to us, whereas balances with CSPGCL are confirmed and reconciled.                                                                                                                                                                 |





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|-----|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15. | Whether assets (which are not owned by the company) created out of grants/funds were properly reported with details of ownership and location. | The matter was examined on a test-check basis with reference to relevant records and supporting documents. The reporting of such assets, including ownership and location details, was found satisfactory, except for the observation reported under para. (I) of the Basis for Qualified Opinion regarding the accounting treatment of certain consumer contribution balances and amortization policy relating to the same. |
| 16. | Whether off-budget borrowings were properly reported.                                                                                          | As represented by the management, No off budget borrowings has been obtained by the company.                                                                                                                                                                                                                                                                                                                                 |





### Additional section specific Sub-direction in view of the Significance of Hon'ble Supreme Court Judgement dated 06.08.2025

| Sr. no. | CAG directions                                                                                                                                                         | Statutory auditor's comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Verify whether the existing regulatory assets of the company are supported by the tariff orders of the Electricity Regulatory Commission.                              | <p>In the Tariff Order for FY 2025-26, the Hon'ble Commission had deferred an amount of Rs. 563.61 Cr. for recovery through tariff order in the year FY 2026-27. The Hon'ble Commission had also allowed Rs. 48.68 Cr. as Interest on Working Capital, required to fund this amount (Pg-348 of the tariff order for FY 2025-26). Though the Hon'ble Commission did not explicitly mention that the said amount is a Regulatory Asset, however, as it is a deferred amount, the information is being provided accordingly.</p> <p>Further, in the tariff order for FY 2026-27, the Hon'ble Commission has duly allow an amount of Rs. 780.83 Cr., which includes carrying cost for FY 2026-27, the year of recovery of the deferred amount. (pg 157 of the tariff order for FY 2026-27)</p> |
| 2       | Verify whether the revenue in respect of such assets has been recognized by the company on the basis of tariff orders issued by the Electricity Regulatory Commission. | No regulatory Assets booked in the Financial Accounts of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 3       | State the impact of recognition/existence of regulatory assets in the absence of tariff orders, if any;                                                                | No regulatory Assets booked in the Financial Accounts of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 4       | State the impact of delayed/non-recovery of regulatory assets on the financial statements of the company;                                                              | There is no impact of the deferred amount of Rs. 563.61 Cr. on the financial statement as Rs. 48.68 Cr. is additionally allowed as interest on working capital to fund the deficit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|   |                                                                                                           |                                                                       |
|---|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| 5 | Examine and report upon the accuracy/adequacy of accounting treatment/related disclosures in this regard. | No regulatory Assets booked in the Financial Accounts of the Company. |
|---|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|

For, **BEGANI & BEGANI**  
**CHARTERED ACCOUNTANTS**  
(FRN: 010779C)



(SANKALP SOHANEY)

PARTNER

M.NO. 434993

UDIN : 26434993JMRDRD2199

DATE : 30.09.2026

PLACE : RAIPUR (C.G.)