



कार्यालय महालेखाकार
(आर्थिक एवं वित्त क्षेत्र निरीक्षण)
पश्चिम बंगाल

**OFFICE OF THE
ACCOUNTANT GENERAL
(Economic and Revenue Sector Audit)**

West Bengal

No.: OA(ESA-II)/Accts/WBSEDCL(FS)/2017-18/1535

Date:- 27.09.2018

To
The Chairman & Managing Director,
West Bengal State Electricity Distribution Company Limited,
Vidyut Bhavan, Bidhannagar, Block-DJ, Sector-II,
Kolkata-700091

Sub: Comments of the Comptroller and Auditor General of India under
Section 143 (6) of the Companies Act, 2013 on the Financial
Statements of West Bengal State Electricity Distribution Company
Limited for the year ended 31 March 2018

Sir,

I am to forward herewith the Comments under Section 143 (6) of the Companies Act, 2013 on
the Financial Statements of West Bengal State Electricity Distribution Company Limited for the
year ended 31 March 2018.

Yours faithfully,

Sr. Deputy Accountant General (ESA-II)
West Bengal

Encl: As stated.

सी. जी. ओ. कॉम्प्लेक्स, डी. एफ. ब्लॉक, साल्ट लेक, कोलकाता - 700 064
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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF WEST BENGAL STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16.07.2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Dated at Kolkata
The

27 SEP 2018

(Reena Saha)
Accountant General (E&RSA)
West Bengal



कार्यालय महालेखाकार
(आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा)
पश्चिम बंगाल

**OFFICE OF THE
ACCOUNTANT GENERAL
(Economic and Revenue Sector Audit)**

West Bengal

No.: OA(ESA-II)/Accts/WBSEDCL(CFS)/2017-18/1536

Date:- 27.09.2018

To
The Chairman & Managing Director,
West Bengal State Electricity Distribution Company Limited,
Vidyut Bhavan, Bidhannagar, Block-DJ, Sector-II,
Kolkata-700091

Sub: Comments of the Comptroller and Auditor General of India
under Section 143 (6) of the Companies Act, 2013 on the
Consolidated Financial Statements of West Bengal State
Electricity Distribution Company Limited for the year ended
31 March 2018

Sir,

I am to forward herewith the Comments under Section 143 (6) of the Companies
Act, 2013 on the Consolidated Financial Statements of West Bengal State Electricity
Distribution Company Limited for the year ended 31 March 2018.

Yours faithfully,

Sr. Deputy Accountant General (ESA-II)
West Bengal

Encl: As stated.

सी. जी. ओ. कॉम्प्लेक्स, डी. एफ. ब्लॉक, साल्ट लेक, कोलकाता - 700 064
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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of consolidated financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16.07.2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2018 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of West Bengal State Electricity Distribution Company Limited and New Town Electric Supply Company Limited but did not conduct supplementary audit of the financial statements of West Bengal Green Energy Development Corporation Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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


(Reena Saha)
Accountant General (E&RSA)
West Bengal

Dated at Kolkata
The 27 SEP 2018

COMPLIANCE CERTIFICATE

We have conducted the Statutory Audit of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year ended on 31st March, 2018 in accordance with the directions/sub-directions issued by the Comptroller & Auditor General (CAG) of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.



For De & Bose
Chartered Accountants
Firm's Registration No. 302175E

Tarit Dasgupta
(Tarit Dasgupta)
Partner
Membership No. 053380

Place: Kolkata
Date: 16-07-2018

INDEPENDENT AUDITOR'S REPORT

To the Members of West Bengal State Electricity Distribution Company Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of West Bengal State Electricity Distribution Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, 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 relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



We conducted our audit in accordance with the Standards of Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the notes to the standalone Ind AS financial statements:

- 1) In exercise of the power vested under Sub-section (4) of Section 131 of the Electricity Act, 2003, the Government of West Bengal split the West Bengal State Electricity Board (WBSEB) into two Companies namely WBSEDCL & WBSETCL with effect from 01.04.2007. In accordance with the above scheme, the opening balances of various assets and liabilities of WBSEDCL as on 01.04.2007 have been taken into account without verification and do not correspond to its realisable value. The Assets have been taken into account directly in the book values which may not correspond to their realisable value.
- 2) During the year the Company has capitalised Revenue Expenditure incurred on account of Employee Benefits amounting to Rs. 14,861 Lacs (Refer to Note No. 33 & 33.2) as per its accounting Policy, not on actual expenditure basis, which is inconsistent with Indian Accounting Standard (Ind AS-16) specified under Section 133 of the Act, read with relevant rules thereunder.



3) During the year the company has credited to the Statement of Profit and Loss, a net amount of Rs. 94,220 Lacs as amount realisable through Regulatory Mechanism as per Regulation of West Bengal Electricity Regulatory Commission (WBEC). However, relevant orders facilitating the credit have not yet been received from WBEC. Incidental to any variation in the orders of WBEC, there would be change in the amount of profit and regulatory assets. Income tax provisions may be necessitated to the extent of such variation. [Refer to Note No. 37 to 37.2]

4) The accumulated balance of Regulatory Assets at the end of the year is Rs. 11,91,018 Lacs (Refer to Note No.- 12 to 12.11) which includes:

Sl. No.	Nature of Claim	Amount (Rs.in Lacs)
1.	APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)	11,84,953
2.	Loss Incurred for taking over of Singur Haripal Electric Co-operative Society Ltd. (SHRELCOP)	6,065
	Total	11,91,018

The above table shows a huge accumulation of regulatory assets as on 31.03.2018. It has been informed that the matter has arisen primarily for the time gap between the submission of petition for FPPCA and APR by the Company to WBEC and its acceptance of the petition either fully or partly.

5) In the year 2012-13, WBEC had disallowed an amount of Rs. 26,146 Lacs in respect of FPPCA and APR, against which the company had made an appeal before the Appellate Tribunal (APTEL) without making any adjustments in the books of accounts for such disallowances.

In the event of any variation in the final order of the APTEL, adjustment of net profit, regulatory assets and income tax provisions may be necessitated to the extent of such variation in order.

6. The company issues inventories to its contractors for various project works and "O&M" works. And a total amount of inventories for Rs.21,672.31 Lacs was lying with the contractors as on 31st March, 2018. Detailed statement, showing year wise breakup of all inventories lying with the contractors, is not submitted by them to the company at the year end.

In absence of such detailed statement, we are unable to comment about the realisibility of the inventories lying with the contractors.

7. The process of getting confirmation of Bank Guarantees as on 31-03-2018, from the issuing bank, is still in progress. Most of the confirmation letters from the issuing banks have been received. The impact of non receipt of all confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.

8. Confirmation of balances are not available in some cases from the power generator, power trader, other distribution companies, trade & other receivables, trade & other payables, loans & advances, receivable from the collecting agents of the company, various depositors and other parties with whom the company has had transactions and the impact of the consequential adjustments required, if any, on financial statement is not ascertained.

9. The company used to show both freehold and lease hold land as "land and land rights" in its accounts. However during the year, the company has transferred an amount of Rs.2,359 Lacs from the opening balance of Rs. 9,293 Lacs (as on 01-04-2017) of "Land & Land rights" to Leasehold Land on the basis of available records with



the company. We have been told that the process of identification of leasehold land is still in progress.

Since the process of identification is not finalised, we are unable to comment on whether any further adjustment in the amount of leasehold land is necessary and its consequential effect on financial results of the company if any.

10. The closing balance of inventories includes a sum of Rs.2,556.59 Lacs for which necessary investigation/adjustment is pending. However, the company has made provision, in respect of this. The impact of the consequential adjustments required, if any, on financial statement is not ascertained.

11. Other financial assets-Current: It consists of provision for unbilled revenue and unbilled LPSC amounting to Rs. 1,54,725 Lacs being the amount related to consumption not billed within March, 2018. The demand for this amount will be raised in subsequent year. (Refer to Note No. 10.1).

In absence of actual billing, we are unable to express an opinion about the realisability of the aforesaid amounts.

12. In case of Rural Electrification Corporation Ltd.(RECL) package loan, RECL in its balance confirmation certificate has shown the principal amount due by more than Rs. 11,318 Lacs as compared to the loan balance in the books of the Company. This has arisen due to differences in accounting treatment of principal and interest in the books of accounts of RECL and the Company (Refer to Note No. 15.3).

13. Confirmation of loan balance from Rural Electrification Corporation Ltd. Rs. 10,323 Lacs was not made available to us for verification. It is stated that the aforesaid loan of West Bengal Rural Energy Development Corporation Ltd (WBREDCL) was taken over by WBSEDCL at the time of amalgamation of WBREDCL with WBSEDCL. However provision for payment of interest has been made in accounts (Refer Note No. 15.11).

14. Other non-current assets include unadjusted debit balances in inter-unit accounts Rs. 15,000 Lacs. It is stated that this amount is appearing in accounts since the inception of the company (Refer Note No. 4.4).

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1) As required under section 143(5) of the Companies Act 2013 (report on directions and sub directions) issued by Comptroller & Auditor General of India ("CAG"), we give in the Annexure-I a statement on the matters specified in the said directions and sub directions.

2) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Companies Act, we give in the Annexure-II a statement on the matters specified in paragraphs 3 and 4 of the order.

3) As required by Section 143 (3) of the Act, we report that:



(a) We have sought and, except for the matters described in the Emphasis of Matters paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, the statement of Cash Flows and the statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under, except for the matters described in the Emphasis of Matters paragraph, .

(e) The provisions of section 164(2) of the Companies Act, 2013 regarding "whether any director is disqualified from being appointed as a director" is not applicable to the company as per Notification No. GSR 463 (E) dated 5th June, 2015 Issued by the Ministry of Corporate Affairs.

(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-III.

(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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.

ii. The Company has Long Term Contracts for power purchase and sale. It has been explained to us that material loss can not be foreseen on such contracts and the company does not have any derivative contract.

iii. The company did not declare and paid any dividend to its members since its incorporation. Therefore no amount was required to be transferred to the Investor Education and Protection Fund.

Place: Kolkata
Date: 16-07-2018



For De & Bose
Chartered Accountants
Firm's Registration No. 302175E

Tarit Dasgupta

(Tarit Dasgupta)

Partner

Membership No. 053380

ANNEXURE-I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph-1 under "Report on Other Legal & Regulatory Requirements" section of our report of even date)

Matters to be reported under **general directions** of CAG of India under Section 143(5) of the Companies Act, 2013:

I) Valuation of Assets & Liabilities

If the company has been selected for disinvestment, a complete status report in terms of valuation of asset (including intangible assets and land) and liabilities (including committed and general reserves) may be examined, including the mode and present stage of disinvestment process.

According to the information and explanation given to us, the Company was not selected for disinvestment during the year under audit. Hence, the need for valuation of assets & liabilities for disinvestment did not arise.

II) Waiver / Write-off of debts / loan / Interest

Whether there are any cases of Waiver / Write-off of debts / loans / interests etc. If yes, the reasons therefor and the amount involved.

The company waived off the following amounts during the year:

Sl. No.	Nature of waiver	Amount (Rs.In Lacs)	Authority for waiver
1.	Liquidated Damages(LD)	3262.06	Board of Directors
2.	Late Payment Surcharge(LPSC)	17712.00	Board of Directors
	Total Amount	20974.06	

III) Inventories

Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant (s) from government or other authorities?

The company issues inventories to its Contractors for various project works and "O & M" works and a total value of inventories for Rs.21,672.31 lacs was lying with them at the yearend.

IV) Legal / arbitration cases

A report on age-wise analysis of pending legal / arbitration cases, including the reason of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign & local) may be given.



Report on age-wise analysis of pending major legal/arbitration cases etc. as provided by the Legal Department, Head Office, was as below:-

Pending Legal Cases:

Pending for	No of Cases	Rs. (in lacs)
0 to less than 2 years	781	977.35
2 year to less than 5 years	660	584.71
5 year to less than 10 years	873	22.33
10 year to less than 20 years	389	842.53
20 years and above	3	3.74
Total	2706	2430.66

It is stated that the delay in court proceedings are the main reason for accumulation of cases over the years.

The company has an effective and existing monitoring mechanism for expenditure on all legal cases. The company has incurred an expenditure of Rs.534 lacs during the year as legal expenses. It has not incurred any expenditure on foreign legal cases.

V. Title / Lease deeds

Whether the company has clear title /lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available?

All Title Deeds are held in the name of the company except in the cases where land has been acquired (433 Nos.) and where land has been inherited (31 Nos.) from erstwhile WBSEB. In the opinion of the company no further deeds/indentures of conveyance are required in case of acquisition & inheritance.

Matters to be reported under **Sector Specific Sub-directions** of CAG of India under Section 143(5) of the Companies Act, 2013:

West Bengal State Electricity Distribution Company Limited ("the Company") was incorporated under the Companies Act, 1956 and commenced its operation from 1st April, 2007. The entire Paid up Share Capital of the company is held by the Government of West Bengal and its nominees. The Company is engaged in the business of distribution of electricity and an insignificant generation of Hydro-Electricity, Solar power.

1. Have instances of encroachment of land been noticed? If yes, details with value and whether matter has been taken up immediately with the concerned authorities for eviction of the encroachers may be provided.

An area of 3.9575 acres of company's land valuing Rs.7.09 Lacs has been encroached. Initiatives have been taken for eviction of encroachments.



2. In the case of hydroelectric projects the water discharge is as per policy / guidelines issued by the state government to maintain biodiversity. For not maintaining it, penalty paid / payable may be reported.

The company follows the policy / guidelines issued by the state government for water discharge from hydroelectric projects to maintain biodiversity and it has not paid any penalty for violation of any rules or policies in this respect.

3. Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?

Yes, the company recovers and accounts the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA).

4. Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.

It is seen that in most cases reconciliations of receivables and payables between the generation, distribution and transmission companies are done.

Place: Kolkata
Date: 16-07-2018



For De & Bose
Chartered Accountants
Firm's Registration No. 302175E

Tarit Dasgupta
(Tarit Dasgupta)
Partner
Membership No. 053380

ANNEXURE -II TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in Paragraph-2 under "Report on Other Legal & Regulatory Requirements" section of our report of even date)

1. In respect of Fixed Assets:

- a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets excepting in case of "land & Land Rights".
- b. As per information and explanation given to us, physical verification of fixed assets of the company is done departmentally on yearly basis. We have been provided with physical verification certificates of fixed assets issued by the different divisional/departmental head of the company and no material discrepancies were noticed on such certificate. However, working papers showing details of verification method adopted, items verified, time taken for verification, designation of persons who took part in verification and their expertise was not made available to us.
- c. All Title Deeds are held in the name of the company except in the cases where land has been acquired (433 Nos.) and where land has been inherited (31 Nos.) from erstwhile WBSEB. In the opinion of the company no further deeds/indentures of conveyance are required in case of acquisition & inheritance.

2. In respect of Inventories:

As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. No material discrepancies were observed from the physical verification reports shown to us.

3. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Act.

4. In our opinion and according to the information and explanation given to us, the company has complied with the provisions of section 186 of the Act, with respect to investment and guarantee. Provisions of section 185 & other provisions of section 186 are not applicable to the Company.

5. According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, the provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

6. We have broadly reviewed the cost records maintained by the Company pursuant to the provisions of sub-Section (1) of Section 148 of the Act, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of Statutory Dues:

- a. According to the records of the company, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, GST, Cess to the extent applicable and any other statutory dues have more or less been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no



undisputed outstanding statutory dues as on 31st of March, 2018 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us and as per our verification of the records of the Company, there are no disputed statutory dues, other than those mentioned below, as on 31st March, 2018.

Sl No	Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
1	West Bengal Sales Tax, 1994 / VAT, 2003	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charges & allied matters.	3,643	Various years from 1993-2009	W.B Commercial taxes appellate & Revisional Board, Kolkata
2	West Bengal Sales Tax Act, 1994	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charges & allied matters.	792	Various years from 1987-2000	Hon'ble W.B Taxation Tribunal Kolkata.
3	West Bengal Sales Tax Act, 1994	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charges & allied matters.	1,278	Various years from 1991-1995	Ld. ACCT
4	West Bengal Sales Tax Act, 1994	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charges & allied matters.	562	1995-1996	Ld. DCCT, PG Circle
5	Service Tax	Rental Income	74 plus Interest	2007-2008 To 2010-2011	Hon'ble Customs, Excise & Service Tax Appellate Tribunal.
6	Municipal Tax		06		Different Municipalities.
	Total		6,355		

8. According to the information and explanations given to us and the records examined by us the company has not defaulted in repayment of loans to Financial Institutions, Banks, Government or dues to Debenture holders.

9. The company did not raise any money by way of initial public offer or further public offer (including debt instrument). However, the company has raised term loans during the year and those have been utilised for the purpose they were raised for.

10. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any incidence of fraud by the Company or on the Company by its officers or employees. However, we have been provided with a list showing 9 (nine) cases of



fraud/misappropriation of company's fund to the extent of Rs.981.77 Lacs by its employees and officers.

11. In our opinion and according to the information and explanations given to us, managerial remuneration including the sitting fees to the directors has been paid or provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 & 188 of the Companies Act, 2013, and are made on arm's length basis that has no potential conflicts with the interest of the company.

14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and therefore paragraph 3(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us the Company has not entered into any non-cash transactions, during the year, with directors / persons connected with the directors and therefore provisions of section 192 of the Act are not applicable to the Company.

16. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Kolkata
Date: 16-07-2018



For De & Bose
Chartered Accountants
Firm's Registration No. 302175E

Tarit Dasgupta
(Tarit Dasgupta-Partner)

Membership No.053380

"ANNEXURE-III" TO THE INDEPENDENT AUDITOR'S REPORT
Referred to in Paragraph-3(f) under "Report on Other Legal & Regulatory Requirements"
section of our report of even date

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 West Bengal State Electricity Distribution Company Limited ("the Company") as at March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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. 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 judgement, 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 authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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.

Place: Kolkata
Date: 16-07-2018



For De & Bose
Chartered Accountants
Firm's Registration No. 302175E

Tarit Dasgupta
(Tarit Dasgupta-Partner)

Membership No.053380

INDEPENDENT AUDITORS' REPORT

To the Members of West Bengal State Electricity Distribution Company Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of West Bengal State Electricity Distribution Company Limited (hereinafter referred to as "the Company"), its Subsidiary and Its joint venture (the Company, its subsidiary, and its joint venture together referred to as "the group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes of Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated Changes of Equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rules issued there under. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company as aforesaid.



Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards of Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group as at 31st March, 2018, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated Changes in Equity for the year then ended.

Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements.



For the Company:

1) In exercise of the power vested under Sub-section (4) of Section 131 of the Electricity Act, 2003, the Government of West Bengal split the West Bengal State Electricity Board (WBSEB) into two Companies namely WBSEDCL & WBSETCL with effect from 01.04.2007. In accordance with the above scheme, the opening balances of various assets and liabilities of WBSEDCL as on 01.04.2007 have been taken into account without verification and do not correspond to its realisable value. The Assets have been taken into account directly in the book values which may not correspond to their realisable value.

2) During the year the Company has capitalised Revenue Expenditure incurred on account of Employee Benefits amounting to Rs. 14,861 Lacs (Refer to Note No. 33 & 33.2) as per its accounting Policy, not on actual expenditure basis, which is inconsistent with Indian Accounting Standard (Ind AS-16) specified under Section 133 of the Act, read with relevant rules thereunder.

3) During the year the company has credited to the Statement of Profit and Loss, a net amount of Rs. 94,220 Lacs as amount realisable through Regulatory Mechanism as per Regulation of West Bengal Electricity Regulatory Commission (WBERC). However, relevant orders facilitating the credit have not yet been received from WBERC. Incidental to any variation in the orders of WBERC, there would be change in the amount of profit and regulatory assets. Income tax provisions may be necessitated to the extent of such variation. [Refer to Note No. 37 to 37.2]

4) The accumulated balance of Regulatory Assets at the end of the year is Rs. 11,91,018 Lacs (Refer to Note No.- 12 to.12.11) which includes:

Sl.	Nature of Claim	Amount (Rs.in Lacs)
1.	APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)	11,84,953
2.	Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd. (SHRELCOP)	6,065
	Total	11,91,018

The above table shows a huge accumulation of regulatory assets as on 31.03.2018. It has been informed that the matter has arisen primarily for the time gap between the submission of petition for FPPCA and APR by the Company to WBERC and its acceptance of the petition either fully or partly.

5) In the year 2012-13, WBERC had disallowed an amount of Rs. 26,146 Lacs in respect of FPPCA and APR, against which the company had made an appeal before the Appellate Tribunal (APTEL) without making any adjustments in the books of accounts for such disallowance.

In the event of any variation in the final order of the APTEL, adjustment of net profit, regulatory assets and income tax provisions may be necessitated to the extent of such variation in order.

6. The company issues inventories to its contractors for various project works and "O&M" works. And a total amount of inventories for Rs.21,672.31 Lacs was lying with the contractors as on 31st March, 2018. Detailed statement, showing year wise breakup of all inventories lying with the contractors, is not submitted by them to the company at the year end.



In absence of such detailed statement, we are unable to comment about the realisibility of the inventories lying with the contractors.

7. The process of getting confirmation of Bank Guarantees as on 31-03-2018, from the issuing bank, is still in progress. Most of the confirmation letters from the issuing banks have been received. The impact of non receipt of all confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.

8. Confirmation of balances are not available in some cases from the power generator, power trader, other distribution companies, trade & other receivables, trade & other payables, loans & advances, receivable from the collecting agents of the company, various depositors and other parties with whom the company has had transactions and the impact of the consequential adjustments required, if any, on financial statement is not ascertained.

9. The company used to show both freehold and lease hold land as "land and land rights" in its accounts. However during the year, the company has transferred an amount of Rs.2,359 Lacs from the opening balance of 9,293 Lacs (as on 01-04-2017) of "Land & Land rights" to Leasehold Land on the basis of available records with the company. We have been told that the process of identification of leasehold land is still in progress.

Since the process of identification is not finalised, we are unable to comment on whether any further adjustment in the amount of leasehold land is necessary and its consequential effect on financial results of the company if any.

10. The closing balance of inventories includes a sum of Rs. 2,556.59 Lacs for which necessary investigation/adjustment is pending. However, the company has made provision, in respect of this. The impact of the consequential adjustments required, if any, on financial statement is not ascertained.

11. Other financial assets-Current: It consists of provision for unbilled revenue and unbilled LPSC amounting to Rs. 1,54,725 Lacs being the amount related to consumption not billed within March, 2018. The demand for this amount will be raised in subsequent year. (Refer to Note No. 10.1).

In absence of actual billing, we are unable to express an opinion about the realisibility of the aforesaid amounts.

12. In case of Rural Electrification Corporation Ltd. (RECL) package loan, RECL in its balance confirmation certificate has shown the principal amount due by more than Rs. 11,318 Lacs as compared to the loan balance in the books of the Company. This has arisen due to differences in accounting treatment of principal and interest in the books of accounts of RECL and the Company (Refer to Note No. 15.3).

13. Confirmation of loan balance from Rural Electrification Corporation Ltd. Rs. 10,323 Lacs was not made available to us for verification. It is stated that both the aforesaid loans of West Bengal Rural Energy Development Corporation Ltd (WBREDCL) were taken over by WBSEDCL at the time of amalgamation of WBREDCL with WBSEDCL. However provision for payment of interest has been made in accounts (Refer Note No. 15.11).

14. Other non-current assets include unadjusted debit balances in inter-unit accounts Rs. 15,000 Lacs. It is stated that this amount is appearing in accounts since the inception of the company (Refer Note No. 4.4).

Our opinion is not modified in respect of these matters.

Other Matter



We did not audit the financial statements of the Subsidiary and the Joint Venture, whose financial statements reflect total assets (net) of Rs. 2,996 lacs as at 31 March, 2018, total revenues of Rs. 1,303 lacs and net cash flows amounting to Rs. 1,908 lacs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the Subsidiary which has been audited by other auditor and its report and the un-audited financial statements of the Joint Venture have been furnished to us by the Management and in our opinion the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the Subsidiary and the Joint Venture, and our report in terms of sub-section (3), (5) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid the Subsidiary and the Joint Venture, is based solely on the report of the other auditor and the management's certification of the Joint Venture.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the management's certification.

Report on Other Legal and Regulatory Requirements

1. As required under section 143(5) of the Companies Act, 2013 (report on directions and sub directions) issued by Comptroller & Auditor General of India ("CAG"), we give in the Annexure - A , a statement on the matters specified in the said directions and sub directions.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the consolidated Ind AS financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;
 - c. The Consolidated Balance sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules there under, except as mentioned in Emphasis of Matters paragraph.



- e. The provisions of section 164(2) of the Companies Act, 2013 is not applicable to a Government Company as per Notification No.GSR 463 (E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - iii) There were no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company and its Joint venture companies incorporated in India; and

Place: Kolkata
Date: 16-07-2018



For and on behalf of
DE & BOSE
Chartered Accountants
Firm Registration No. 302175E
Tarit Dasgupta
(Tarit Dasgupta-Partner)
Membership No.053380

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph-2(f) under "Report on Other Legal & Regulatory Requirements" section of our report on consolidated Ind AS financial statement of even date

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 West Bengal State Electricity Distribution Company Limited ("the Company"), its subsidiary and its jointly controlled Company (Joint Ventures) which are incorporated in India, as at March 31, 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Company, the Subsidiary and Jointly Controlled Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, the Subsidiary and its jointly controlled 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. 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 respective 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, the Subsidiary and jointly controlled Company 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") issued by the ICAI 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 judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of its reports referred to in the Other Matters paragraph below, 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 authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 and jointly controlled companies which is incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company, the Subsidiary and jointly controlled 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Subsidiary and the jointly controlled company, which are incorporated in India, is based on the corresponding report of the auditors of the subsidiary and management's certification in case of the jointly controlled company.

Place: Kolkata
Date: 16-07-2018



For De & Bose
Chartered Accountants
Firm's Registration No. 302175E

Tarit Dasgupta
(Tarit Dasgupta)
Partner
Membership No.053380

Matters to be reported under general directions of CAG of India for Financial Year:2017-18 (Annexure - A)																								
Matters to be reported	West Bengal State Electricity Distribution Co. Ltd.(WBSEDCL)	New Town Electric Supply Company Ltd.(A 100% subsidiary of WBSEDCL)	West Bengal Green Energy Development Corporation Ltd. (A Joint Venture of WBSEDCL)																					
I) Valuation of Assets & Liabilities If the company has been selected for disinvestment, a complete status report in terms of valuation of asset (including intangible assets and land) and liabilities (including committed and general reserves) may be examined, including the mode and present stage of disinvestment process.	According to the information and explanation given to us, the Company was not selected for disinvestment during the year under audit. Hence, the need for valuation of assets & liabilities for disinvestment did not arise.	Not applicable	Unaudited Financial Statements																					
II) Whether there are any cases of Waiver / Write-off of debts / loans / interests etc. If yes, the reasons therefor and the amount involved.	The company waived off the following amounts during the year: 1. Liquidated Damages: Rs. 3262.06 Lacs 2. LPSC: Rs. 17712.00 Lacs	No	Unaudited Financial Statements																					
III) Inventories Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant (s) from government or other authorities?	The company issues inventories to its Contractors for various project works and "O & M" works and a total value of inventories for Rs.23007.29 lacs was lying with them at the yearend.	The Company has no inventories.	Unaudited Financial Statements																					
IV) Legal / arbitration cases A report on age-wise analysis of pending legal / arbitration cases, including the reason of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign & local) may be given.	<table><tr><td>Pending for (in years)</td><td>No. of cases</td><td>Amount Rs.in Lacs</td></tr><tr><td>0-2</td><td>781</td><td>977.35</td></tr><tr><td>2-5</td><td>660</td><td>584.71</td></tr><tr><td>5-10</td><td>873</td><td>22.33</td></tr><tr><td>10-20</td><td>389</td><td>842.53</td></tr><tr><td>20 above</td><td>3</td><td>3.74</td></tr><tr><td>Total</td><td>2706</td><td>2430.66</td></tr></table>	Pending for (in years)	No. of cases	Amount Rs.in Lacs	0-2	781	977.35	2-5	660	584.71	5-10	873	22.33	10-20	389	842.53	20 above	3	3.74	Total	2706	2430.66	Nil	Unaudited Financial Statements
Pending for (in years)	No. of cases	Amount Rs.in Lacs																						
0-2	781	977.35																						
2-5	660	584.71																						
5-10	873	22.33																						
10-20	389	842.53																						
20 above	3	3.74																						
Total	2706	2430.66																						
V. Title / Lease deeds Whether the company has clear title /lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available?	All Title Deeds are held in the name of the company except in the cases where land has been acquired (433 Nos.) and where land has been inherited (31 Nos.) from erstwhile WBSEB. In the opinion of the company no further deeds/indentures of conveyance are required in case of acquisition & inheritance.	Yes	Unaudited Financial Statements																					
Matters to be reported under Sector Specific Sub-directions of CAG of India for Financial Year:2017-18																								
1. Have instances of encroachment of land been noticed? If yes, details with value and whether matter has been taken up immediately with the	An area of 3.9575 acres of company's land valuing Rs.7.09 Lacs has been encroached. Initiatives have been taken	Nil	Unaudited Financial Statements																					



concerned authorities for eviction of the encroachers may be provided.	for eviction of encroachments.		
2. In the case of hydroelectric projects the water discharge is as per policy / guidelines issued by the state government to maintain biodiversity. For not maintaining it, penalty paid / payable may be reported.	The company follows the policy / guidelines issued by the state government for water discharge from hydroelectric projects to maintain biodiversity and it has not paid any penalty for violation of any rules or policies in this respect.	Not Applicable	Unaudited Financial Statements
3. Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Yes, the company recovers and accounts the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA).	Not Applicable	Unaudited Financial Statements
4. Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	It is seen that in most cases reconciliations of receivables and payables between the generation, distribution and transmission companies are done.	Not Applicable	Unaudited Financial Statements

Place: Kolkata
Date: 16-07-2018



For and on behalf of
DE & BOSE
Chartered Accountants
Firm Registration No. 302175E

Tarit Dasgupta
(Tarit Dasgupta-partner)
Membership No. 053380

Management Reply on Financial Statement		
	Audit Observations	Reply
	Emphasis of matter	
(1)	In exercise of the power vested under Sub-section (4) of Section 131 of the Electricity Act, 2003, the Government of West Bengal split the West Bengal State Electricity Board (WBSEB) into two Companies namely WBSEDCL & WBSETCL with effect from 01.04.2007. In accordance with the above scheme, the opening balances of various assets and liabilities of WBSEDCL as on 01.04.2007 have been taken into account without verification and do not correspond to its realisable value. The Assets have been taken into account directly in the book values which may not correspond to their realisable value.	The Assets and Liabilities of WBSEDCL, the restructured Company formed by unbundling WBSEB, were considered as on 01.04.2007 in accordance with the final transfer scheme vide notification no:12-PO/O/III/3R-29/2006 dated: 25.01.2007 and notification no:313-PO/O/III/3R-29/2006 dated: 19.09.2008 as revested by the Govt. of West Bengal to the Company.
(2)	During the year the Company has capitalised Revenue Expenditure incurred on account of Employee Benefits amounting to Rs. 14,860 Lacs (Refer to Note No. 33 & 33.2) as per its accounting Policy, not on actual expenditure basis, which is inconsistent with Indian Accounting Standard (Ind AS-16) specified under Section 133 of the Act, read with relevant rules there under.	Capitalization of employee cost has been done as per the Accounting Policy of the Company.
(3)	During the year the company has credited to the Statement of Profit	Income Receivable through Regulatory Mechanism in respect of additional cost

	<p>and Loss, a net amount of Rs. 94,220 Lacs as amount realisable through Regulatory Mechanism as per Regulation of West Bengal Electricity Regulatory Commission (WBERC). However, relevant orders facilitating the credit have not yet been received from WBERC. Incidental to any variation in the orders of WBERC, there would be change in the amount of profit and regulatory assets. Income tax provisions may be necessitated to the extent of such variation. [Refer to Note No. 37 to 37.2]</p>	<p>Incurred for purchase of power, transmission charges and fixed cost during the period over and above cost allowed in prevailing tariff order is recognized based on the applicable available regulations of Regulatory Authority. It is expected that the future economic benefits associated with this will flow to the Company as a result of expected orders of the Regulator under the applicable regulatory framework.</p>												
(4)	<p>The accumulated balance of Regulatory Assets at the end of the year is Rs. 11,91,018 Lacs (Refer to Note No.- 12 to.12.11) which includes:</p> <table border="1"> <thead> <tr> <th>N o</th><th>Nature of claim</th><th>Amount (Rs in lacs)</th></tr> </thead> <tbody> <tr> <td>1</td><td>APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)</td><td>1184953</td></tr> <tr> <td>2</td><td>Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd.(SHRELCOP)</td><td>6065</td></tr> <tr> <td></td><td>Total</td><td>1191018</td></tr> </tbody> </table> <p>The above table shows a huge accumulation of regulatory assets as</p>	N o	Nature of claim	Amount (Rs in lacs)	1	APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)	1184953	2	Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd.(SHRELCOP)	6065		Total	1191018	<p>Accumulation of Regulatory Assets arises mainly due to time gap of expenditure actually incurred over and above the expenditure allowed in the Tariff order for the year and passing of the expenditure by the Regulator through the tariff of the ensuing years.</p>
N o	Nature of claim	Amount (Rs in lacs)												
1	APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)	1184953												
2	Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd.(SHRELCOP)	6065												
	Total	1191018												

	on 31.03.2018. It has been informed that the matter has arisen primarily for the time gap between the submission of petition for FPPCA and APR by the Company to WBERC and its acceptance of the petition either fully or partly.	
(5)	<p>In the year 2012-13, WBERC had disallowed an amount of Rs. 26,146 Lacs in respect of FPCCA and APR, against which the company had made an appeal before the Appellate Tribunal (APTEL) without making any adjustments in the books of accounts for such disallowance.</p> <p>In the event of any variation in the final order of the APTEL, adjustment of net profit, regulatory assets and income tax provisions may be necessitated to the extent of such variation in order.</p>	<p>Fuel & Power Purchase Cost Adjustment (FPPCA) and Annual Performance Review (APR) for the financial year 2012-13 has been issued by WBERC on 12.06.2014 by which Income Realizable through Regulatory Mechanism of Rs. 26146 lakhs which was considered in the accounts prior to 2013-14 has not been allowed by WBERC. Against disallowance of claim, necessary petition has been filed before the Appellate Tribunal (APTEL). Hearing of the Appeal is continuing. Decision of the APTEL is pending.</p>
(6)	<p>The company issues inventories to its contractors for various project works and "O&M" works. And a total amount of inventories for Rs.21672.31 Lacs was lying with the contractors as on 31st March, 2018. Detailed statement, showing year wise breakup of all inventories lying with the contractors, is not submitted by them to the company at the year end.</p>	<p>As per practice, inventories are issued to vendors for execution of work of WBSEDCL against work orders in favour of vendors. During the financial year 2017-18 the process of obtaining vendors confirmation of quantities of materials lying with them as on 31.03.2018 was started and reasonable number of vendors have submitted their confirmation.</p>

	In absence of such detailed statement, we are unable to comment about the realisibility of the inventories lying with the contractors.	
(7)	The process of getting confirmation of Bank Guarantees as on 31-03-2018, from the issuing bank, is still in progress. Most of the confirmation letters from the issuing banks have been received. The impact of non receipt of all confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.	The process of obtaining confirmation of Bank Guarantee as on 31.03.2018 directly from issuing bank is in process. Most of the confirmation has been received by this time. Persuasion is on and balance confirmation letter will be available.
(8)	Confirmation of balances are not available in some cases from the power generator, power trader, other distribution companies, trade & other receivables, trade & other payables, loans & advances, receivable from the collecting agents of the company, various depositors and other parties with whom the company has had transactions and the impact of the consequential adjustments required, if any, on financial statement is not ascertained.	Necessary provisions have been made as per Accounting Policy of the Company.
(9)	The company used to show both freehold and lease hold land as "land and land rights" in its accounts. However during the year, the company has transferred an amount	In most of the cases land was inherited from erstwhile WBSEB. At that time land was acquired mainly through Govt. Acquisition against which segregation of leasehold and freehold land was not

	<p>of Rs.2,359 Lacs from the opening balance (as on 01-04-2017) of "Land & Land rights" to Leasehold Land on the basis of available records with the company. We have been told that the process of identification of leasehold land is still in progress. Since the process of identification is not finalised, we are unable to comment on whether any further adjustment in the amount of leasehold land is necessary and its consequential effect on financial results of the company if any.</p>	<p>available. Adequate steps have been taken to segregate freehold land and leasehold land from the base record. During the financial year 2017-18 land valued Rs 2359 lakhs is identified as leasehold land and consequential accumulated amortization value comes only Rs 105 lakhs out of total depreciation and amortization value of Rs 92750 lakhs. The impact of amortization value of leasehold land is very negligible. However the process of segregation of rest of the land between freehold and leasehold land is in progress.</p>
(10)	<p>The closing balance of inventories includes a sum of Rs. 2506.45 Lacs for which necessary investigation/adjustment is pending. However, the company has made provision, in respect of this. The impact of the consequential adjustments required, if any, on financial statement is not ascertained.</p>	<p>At the time of implementation of SAP-ERP, inventories were uploaded in the system as per physical verification report of inventory and some mismatches were noticed between inventory balance as per books of accounts and actual balance of inventory. This happened mainly due to proper identification of inventory items as per books of accounts and inventory found physically. The entire differences were kept in the accounts under pending investigation/adjustment head for proper accounting in the subsequent year. 100% provision was made in the accounts of 2015-16 against this pending investigation. During the financial year 2017-18 inventory valued Rs 1097 lakhs was</p>

		<p>identified and transferred to proper account head from pending investigation/adjustment head.</p> <p>The process of identification of inventory lying under account head pending investigation/adjustment is in progress.</p>
(11)	<p>Other financial assets-Current: It consists of provision for unbilled revenue and unbilled LPSC amounting to Rs. 1,54,725 Lacs being the amount related to consumption not billed within March, 2018. The demand for this amount will be raised in subsequent year. (Refer to Note No. 10.1).</p> <p>In absence of actual billing, we are unable to express an opinion about the realisibility of the aforesaid amounts.</p>	<p>Provision on doubtful debtors has been done as per the Accounting Policy of the Company.</p>
(12)	<p>In case of Rural Electrification Corporation (RECL) package loan, RECL in its balance confirmation certificate has shown the principal amount due by more than Rs. 11,318 Lacs as compared to the loan balance in the books of the Company. This has arisen due to differences in accounting treatment of principal and interest in the books of accounts of RECL and the Company (Refer to Note No. 15.3).</p>	<p>General audit observation. Nothing to comment.</p>
(13)	<p>Confirmation of loan balance from</p>	<p>The loan was inherited by the Company</p>

	<p>Observation:</p> <p>The company waived off the following amounts during the year:</p> <table><tr><th>Sl. No.</th><th>Nature of waiver</th><th>Amount (Rs.in Lacs)</th><th>Authority for waiver</th></tr><tr><td>1.</td><td>(LD)</td><td>3262.06</td><td>BOD</td></tr><tr><td>2.</td><td>(LPSC)</td><td>17712.00</td><td>BOD</td></tr><tr><td colspan="2">Total Amount</td><td>20974.06</td><td></td></tr></table>	Sl. No.	Nature of waiver	Amount (Rs.in Lacs)	Authority for waiver	1.	(LD)	3262.06	BOD	2.	(LPSC)	17712.00	BOD	Total Amount		20974.06		
Sl. No.	Nature of waiver	Amount (Rs.in Lacs)	Authority for waiver															
1.	(LD)	3262.06	BOD															
2.	(LPSC)	17712.00	BOD															
Total Amount		20974.06																
III	<p>Inventories:</p> <p><i>Direction of CAG Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant (s) from government or other authorities?</i></p> <p>Observation: The company issues inventories to its Contractors for various project works and "O & M" works and a total value of inventories for Rs.21672.31 lacs was lying with them at the yearend.</p>	<p>It is usual and ongoing practice on the part of WBSEDCL to issue materials to its agencies/vendors for execution of various project works and "O & M" works. After execution of jobs the advances are adjusted through materials utilization report received from agencies/vendors.</p>																
V	<p>Title / Lease deeds</p> <p><i>Whether the company has clear title /lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available?</i></p> <p>Observation: The company possesses Title Deeds in respect of 72 plots of freehold land and 41 plots of leasehold land. However no Title Deed is available in respect of 433</p>	<p>Stated 433 numbers of plots of land were acquired by Govt. of West Bengal as per Land Acquisition Act 1894 and handed over to WBSEB/WBSEDCL. As such the question of execution of deed does not arise.</p> <p>Stated 31 numbers of plots of land were inherited by WBSEB from ex-licensees and as a result of that question of execution of deed will not be applicable in this case.</p>																

	plots of land acquired by the company and 31 plots of land inherited from erstwhile WBSEB.	
Comments on the Independent Auditors Report "ANNEXURE-II" Companies Auditors Report Order (CARO) 2016.		
1(b)	As per information and explanation given to us, physical verification of fixed assets of the company is done departmentally on yearly basis. We have been provided with physical verification certificates of fixed assets issued by the departmental heads of the company and no material discrepancies were noticed on such certificate. However the working papers related to the procedure of such verification was not made available to us. In absence of such working papers we are unable to comment on the matter.	During the financial year physical verification of Fixed Assets was done departmentally and report of the same has been furnished to the Statutory Auditor.
1(c)	No Title Deed is available in respect of 433 plots of land acquired by the company and 31 plots of land inherited from erstwhile WBSEB. The company, however, possesses Title Deeds in respect of 72 plots of freehold land and 41 plots of leasehold land.	Stated 433 numbers of plots of land were acquired by Govt. of West Bengal as per Land Acquisition Act 1894 and handed over to WBSEB/WBSEDCL. As such the question of execution of deed does not arise. Stated 31 numbers of plots of land were inherited by WBSEB from ex-licensees and as a result of that question of execution of deed will not be applicable in this case.
10.	During the course of our	There is well defined system and

	<p>examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any incidence of fraud by the Company or on the Company by its officers or employees. However, we have been provided with a list showing 9 (nine) cases of fraud / misappropriation of company's fund to the extent of Rs.981.77 Lacs by its' employees and officers.</p>	<p>procedure in the Company for prevention of fraud. However in spite of that some cases of misappropriation of companies fund, etc happened which were not material as compared to the total value of Assets. All the cases are under investigation.</p>
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Management Reply on Consolidated Financial Statement		
	Audit Observations	Reply
	Emphasis of matter	
(1)	In exercise of the power vested under Sub-section (4) of Section 131 of the Electricity Act, 2003, the Government of West Bengal split the West Bengal State Electricity Board (WBSEB) into two Companies namely WBSEDCL & WBSETCL with effect from 01.04.2007. In accordance with the above scheme, the opening balances of various assets and liabilities of WBSEDCL as on 01.04.2007 have been taken into account without verification and do not correspond to its realisable value. The Assets have been taken into account directly in the book values which may not correspond to their realisable value.	The Assets and Liabilities of WBSEDCL, the restructured Company formed by unbundling WBSEB, were considered as on 01.04.2007 in accordance with the final transfer scheme vide notification no:12-PO/O/III/3R-29/2006 dated: 25.01.2007 and notification no:313-PO/O/III/3R-29/2006 dated: 19.09.2008 as revested by the Govt. of West Bengal to the Company.
(2)	During the year the Company has capitalised Revenue Expenditure incurred on account of Employee Benefits amounting to Rs. 14,860 Lacs (Refer to Note No. 33 & 33.2) as per its accounting Policy, not on actual expenditure basis, which is inconsistent with Indian Accounting Standard (Ind AS-16) specified under Section 133 of the Act, read with relevant rules there under.	Capitalization of employee cost has been done as per the Accounting Policy of the Company.
(3)	During the year the company has credited to the Statement of Profit	Income Receivable through Regulatory Mechanism in respect of additional cost

	<p>and Loss, a net amount of Rs. 94,220 Lacs as amount realisable through Regulatory Mechanism as per Regulation of West Bengal Electricity Regulatory Commission (WBERC). However, relevant orders facilitating the credit have not yet been received from WBERC. Incidental to any variation in the orders of WBERC, there would be change in the amount of profit and regulatory assets. Income tax provisions may be necessitated to the extent of such variation. [Refer to Note No. 37 to 37.2]</p>	<p>incurred for purchase of power, transmission charges and fixed cost during the period over and above cost allowed in prevailing tariff order is recognized based on the applicable available regulations of Regulatory Authority. It is expected that the future economic benefits associated with this will flow to the Company as a result of expected orders of the Regulator under the applicable regulatory framework.</p>												
(4)	<p>The accumulated balance of Regulatory Assets at the end of the year is Rs. 11,91,018 Lacs (Refer to Note No.- 12 to 12.11) which includes:</p> <table border="1"> <thead> <tr> <th>N o</th><th>Nature of claim</th><th>Amount (Rs in lacs)</th></tr> </thead> <tbody> <tr> <td>1</td><td>APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)</td><td>1184953</td></tr> <tr> <td>2</td><td>Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd.(SHRELCOP)</td><td>6065</td></tr> <tr> <td></td><td>Total</td><td>1191018</td></tr> </tbody> </table> <p>The above table shows a huge accumulation of regulatory assets as</p>	N o	Nature of claim	Amount (Rs in lacs)	1	APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)	1184953	2	Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd.(SHRELCOP)	6065		Total	1191018	<p>Accumulation of Regulatory Assets arises mainly due to time gap of expenditure actually incurred over and above the expenditure allowed in the Tariff order for the year and passing of the expenditure by the Regulator through the tariff of the ensuing years.</p>
N o	Nature of claim	Amount (Rs in lacs)												
1	APR & FPPCA from F. Y. 2012-13 to F.Y. 2017-18 (Projected)	1184953												
2	Loss incurred for taking over of Singur Haripal Electric Co-operative Society Ltd.(SHRELCOP)	6065												
	Total	1191018												

	on 31.03.2018. It has been informed that the matter has arisen primarily for the time gap between the submission of petition for FPPCA and APR by the Company to WBERC and its acceptance of the petition either fully or partly.	
(5)	<p>In the year 2012-13, WBERC had disallowed an amount of Rs. 26,146 Lacs in respect of FPPCA and APR, against which the company had made an appeal before the Appellate Tribunal (APTEL) without making any adjustments in the books of accounts for such disallowance.</p> <p>In the event of any variation in the final order of the APTEL, adjustment of net profit, regulatory assets and income tax provisions may be necessitated to the extent of such variation in order.</p>	<p>Fuel & Power Purchase Cost Adjustment (FPPCA) and Annual Performance Review (APR) for the financial year 2012-13 has been issued by WBERC on 12.06.2014 by which income Realizable through Regulatory Mechanism of Rs. 26146 lakhs which was considered in the accounts prior to 2013-14 has not been allowed by WBERC. Against disallowance of claim, necessary petition has been filed before the Appellate Tribunal (APTEL). Hearing of the Appeal is continuing. Decision of the APTEL is pending.</p>
(6)	<p>The company issues inventories to its contractors for various project works and "O&M" works. And a total amount of inventories for Rs.21672.31 Lacs was lying with the contractors as on 31st March, 2018. Detailed statement, showing year wise breakup of all inventories lying with the contractors, is not submitted by them to the company at the year end.</p>	<p>As per practice, inventories are issued to vendors for execution of work of WBSEDCL against work orders in favour of vendors. During the financial year 2017-18 the process of obtaining vendors confirmation of quantities of materials lying with them as on 31.03.2018 was started and reasonable number of vendors have submitted their confirmation.</p>

	In absence of such detailed statement, we are unable to comment about the realisibility of the inventories lying with the contractors.	
(7)	The process of getting confirmation of Bank Guarantees as on 31-03-2018, from the issuing bank, is still in progress. Most of the confirmation letters from the issuing banks have been received. The impact of non receipt of all confirmation letters from the Issuing banks on the financial statement, if any, is not ascertainable at present.	The process of obtaining confirmation of Bank Guarantee as on 31.03.2018 directly from Issuing bank is in process. Most of the confirmation has been received by this time. Persuasion is on and balance confirmation letter will be available.
(8)	Confirmation of balances are not available in some cases from the power generator, power trader, other distribution companies, trade & other receivables, trade & other payables, loans & advances, receivable from the collecting agents of the company, various depositors and other parties with whom the company has had transactions and the impact of the consequential adjustments required, if any, on financial statement is not ascertained.	Necessary provisions have been made as per Accounting Policy of the Company.
(9)	The company used to show both freehold and lease hold land as "land and land rights" in its accounts. However during the year, the company has transferred an amount of Rs.2,359 Lacs from the opening	In most of the cases land was inherited from erstwhile WBSEB. At that time land was acquired mainly through Govt. Acquisition against which segregation of leasehold and freehold land was not available. Adequate steps have been

	<p>balance of 9,293 lacs (as on 01-04-2017) of "Land & Land rights" to Leasehold Land on the basis of available records with the company. We have been told that the process of identification of leasehold land is still in progress.</p> <p>Since the process of identification is not finalised, we are unable to comment on whether any further adjustment in the amount of leasehold land is necessary and its consequential effect on financial results of the company if any.</p>	<p>taken to segregate freehold land and leasehold land from the base record. During the financial year 2017-18 land valued Rs 2359 lakhs is identified as leasehold land and consequential accumulated amortization value comes only Rs 105 lakhs out of total depreciation and amortization value of Rs 92750 lakhs.</p> <p>The impact of amortization value of leasehold land is very negligible. However the process of segregation of rest of the land between freehold and leasehold land is in progress.</p>
(10)	<p>The closing balance of inventories includes a sum of Rs. 2506.45 Lacs for which necessary investigation/adjustment is pending. However, the company has made provision, in respect of this. The impact of the consequential adjustments required, if any, on financial statement is not ascertained.</p>	<p>At the time of implementation of SAP-ERP, inventories were uploaded in the system as per physical verification report of inventory and some mismatches were noticed between inventory balance as per books of accounts and actual balance of inventory. This happened mainly due to proper identification of inventory items as per books of accounts and inventory found physically. The entire differences were kept in the accounts under pending investigation/adjustment head for proper accounting in the subsequent year. 100% provision was made in the accounts of 2015-16 against this pending investigation.</p> <p>During the financial year 2017-18 inventory valued Rs 1097 lakhs was identified and transferred to proper</p>

		account head from pending investigation/adjustment head.
		The process of identification of inventory lying under account head pending investigation/adjustment is in progress.
(11)	Other financial assets-Current: It consists of provision for unbilled revenue and unbilled LPSC amounting to Rs. 1,54,725 Lacs being the amount related to consumption not billed within March, 2018. The demand for this amount will be raised in subsequent year. (Refer to Note No. 10.1). In absence of actual billing, we are unable to express an opinion about the realisibility of the aforesaid amounts.	Provision on doubt full debtors has been done as per the Accounting Policy of the Company.
(12)	In case of Rural Electrification Corporation (RECL) package loan, RECL in its balance confirmation certificate has shown the principal amount due by more than Rs. 11,318 Lacs as compared to the loan balance in the books of the Company. This has arisen due to differences in accounting treatment of principal and interest in the books of accounts of RECL and the Company (Refer to Note No. 15.3).	General audit observation. Nothing to comment.
(13)	Confirmation of loan balance from Rural Electrification Corporation Ltd.	The loan was inherited by the Company at the time of Amalgamation of West

	Rs. 10,323 Lacs was not made available to us for verification. It is stated that the aforesaid loan of West Bengal Rural Energy Development Corporation Ltd (WBREDCL) was taken over by WBSEDCL at the time of amalgamation of WBREDCL with WBSEDCL. However provision for payment of interest has been made in accounts (Refer Note No. 15.11).	Bengal Rural Electricity Development Corporation Limited (WBREDCL) as per the order of the Government of West Bengal and approval of the Ministry of Corporate Affairs, GOI. The loans were as per balance of Audited Accounts of WBREDCL and State Government has been approached for details of the Loans.
(14)	Other non-current assets include unadjusted debit balances in inter-unit accounts Rs. 15,000 Lacs. It is stated that this amount is appearing in accounts since the inception of the company (Refer Note No. 4.4).	Debit balance of Inter Unit account of Rs 15000 lakhs was inherited by WBSEDCL from erstwhile WBSEB vide notification number: 313-PO/O/3R-29/2006 Dated: 19.09.2008 of the Govt. of West Bengal. Detail of the balance is not communicated to this end by the Govt. of West Bengal, in absence of which the amount remains unadjusted.

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED			
STATEMENT OF TECHNICAL PARTICULARS			
Sl. No	Particulars	2017-2018	2016-2017
1.0	Installed Generating Capacity at the year end (MW)		
	(a) Hydel (Excluding PPSP)	176.550	176.550
	(b) Diesel	0.820	0.820
	(c) PPSP	900.000	900.000
	(d) Solar	30.000	10.000
	Total :	1107.370	1087.370
2.0	Generation in MKWH		
	(a) Hydel (Excluding PPSP)	426.182	528.222
	(b) Diesel	0.000	0.000
	(c) PPSP	1014.356	1106.978
	(d) Solar	18.055	9.133
	Total :	1458.593	1644.333
3.0	Auxiliary Consumption (MKWH)		
	(a) Hydel (Excluding PPSP)	4.262	5.282
	(b) Diesel	0.000	0.000
	(c) PPSP (including Transformation loss)	17.244	18.819
	(d) Solar	0.000	0.000
	Total :	21.506	24.101
4.0	Net Generation in MKWH(3-4)		
	(a) Hydel (Excluding PPSP)	421.920	522.940
	(b) Diesel	0.000	0.000
	(c) PPSP	997.112	1088.159
	(d) Solar	18.055	9.133
	Total :	1437.087	1620.232
5.0	Energy injected to WBSETCL System from Power Generation	1391.768	1583.419
6.0	Energy injected to WBSEDCL System from Power Generation	45.319	36.813
	Total Generation:	1437.087	1620.232
7.0	Energy injected to WBSETCL System from Power Purchase		
7.1	Central Sectors (MKWH)		
	NTPC	4444.566	4050.298
	NHPC (Rangit + Teesta V + TLDP III+TLDP IV)	1597.353	1854.269
	PTC (Chukha & Kurichhu)	595.928	693.308
	PTC (Tala HEP)	1105.293	1265.128
	PTC -J & K	554.024	484.660
	NVVNL Bundle Power (Solar & Thermal)	353.951	413.501
	DVC Grid Supply (Mejia-V)	160.648	329.841
	Sub total	8811.763	9091.005
7.2	State Sectors (MKWH)		
	WBPCL	21135.172	21061.572
	DPL(220/132KV)	473.849	130.178
	Sub total	21609.021	21191.750

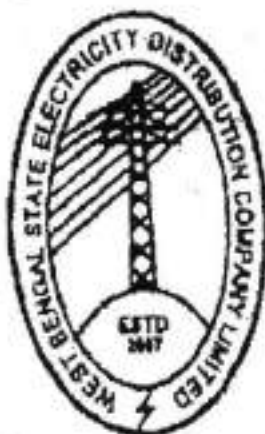
7.3	Short Term (MKWH)		
	NVVN	6.909	14.509
	PTC	30.698	625.731
	TPTCL	366.241	730.804
	JSW PTC	0	13.35
	DVC	93.331	143.176
	Adani	0	458.401
	AEL	193.445	0
	MSEDCL	0	10.686
	Indian Power Exchange Limited	2837.628	798.15
	Power Exchange of India Limited	87.355	45.842
	DB Power	213.610	102.834
	Sub total	3829.217	2943.483
7.4	Private Sectors(MKWH)		
	Electrosteel	60.627	59.246
	Neora Hydro	3.289	9.56
	Nippon Power	5.746	10.717
	Tata Power (Hooghly Met Coke)	118.604	124.485
	Shree Renuka Sugar	40.410	55.529
	Himadri Chemical	53.920	53.131
	Reshmi Cement	3.632	2.938
	Concast	4.584	4.959
	Bengal Energy Limited	141.330	148.185
	APNRL	560.173	662.393
	TPTCL (Mithon Right Bank)	2045.295	2131.916
	Sub-Total	3037.610	3263.059
	Total (7.1+7.2+7.3+7.4)	37287.611	36489.297
8.0	Energy Injected to WBSEDCL System from Power Purchase		
8.1	Central Sectors (MKWH)		
	DVC (Radial Mode)	503.104	373.851
	Jharkhand Bijli Vitran Nigam Ltd	0.095	0.170
	Assam Power Distribution Company Limited	0.134	0.000
	Govt. of Sikkim	0.336	0.182
	Sub-Total	503.669	374.203
8.2	State Sectors (MKWH)		
	DPL (Radial Mode)	87.765	97.354
	Sub-Total	87.765	97.354
8.3	Private Sectors(MKWH)		
	CESC (Radial Mode)	37.710	39.764
	Sub-Total	37.710	39.764
8.4	Non Conventional Source of Energy		
	WBREDA (Frajerganj)	0.000	0.000
	Sub-Total	0.000	0.000
	Total (8.1+8.2+8.3+8.4)	629.144	511.321

9.0	Power Draw under UI mode (UI IN)	931.773	575.903
10.0	Total Power Purchase (7+8+9)	38848.528	37576.521
11.0	Grid Loss(Inter State Grid)	255.852	248.338
12.0	Gross Energy Available WBSETCL System (5+7+9-11)	39355.300	38400.281
13.0	Transmission Loss in WBSETCL System (MU)	1338.08	1305.609
14.0	Transmission Loss in WBSETCL System as a % of (13/12*100)	3.40	3.40
15.0	Gross Energy Available at WBSEDCL boundary from WBSETCL System(12-13)	38017.220	37094.672
16.0	Energy Outgo from WBSETCL System		
	Sale to person other than licensee & consumer including Transmission loss	2121.350	2049.568
	Sale to Sikkim	23.956	52.653
	Bulk Supply to Licensee from WBSEDCL System (CESC,DPL,DVC)	85.976	187.500
	Pumping Power to PPSP including Transmission & Transformation loss	1418.997	1548.568
	Energy Outgo under UI mode (UI OUT) including Transmission loss	122.201	188.012
	Transmission Loss for sale to Sikkim & licensee at EHV	3.869	8.453
	Total	3776.349	4034.754
17.0	Net Energy available at WBSEDCL boundary from WBSETCL System(15-16)	34240.871	33059.918
18.0	Energy Injected directly to WBSEDCL System(6+8)	674.463	548.134
19.0	Energy Received for Wheeling at 33 KV	31.519	22.470
20.0	Total Energy available in WBSEDCL System(17+18+19)	34946.853	33630.522
21.0	Total Utilisation(MKWH)		
21.1	Bulk Supply to Licensee from Dist. System (DPSC)	19.087	30.217
21.2	Sale to WBSEDCLown Consumer		
	Centralised Bulk		
	De-Centralised Bulk	9410.432	8680.908
	L&MV	16116.330	15609.379
	Sub-Total	25526.762	24290.287
21.3	Units Wheeled	29.541	21.254
21.4	Additional unit allowed for wheeling	1.978	1.216
21.5	Utilized in own premises of WBSEDCL	52.000	50.000
	Total (21.1+21.2+21.3+21.4+21.5)	25629.368	24392.974
23.0	Distribution Loss(MU) (20-21)	9317.485	9237.548
24.0	Distribution Loss as percentage	26.66	27.47

Category wise Sales in MU , No of Consumer & Connected Load (KVA) as on 31.03.2018										
Category	Sub Category	MU SOLD			NO OF CONSUMERS			CONNECTED LOAD		
		HV & EHV (Including NTESC)	L & MV (Including NTESC)	Grand Total	HV & EHV (Including NTESC)	L & MV (Including NTESC)	Grand Total	HV & EHV (Including NTESC)	L & MV (Including NTESC)	Grand Total
Domestic & Look deep		25.37	10241.66	10267.03	40	16075655	16075695	10657	8548350	8559007
Commercial & others	Commercial	861.78	2693.27	3555.05	681	1561774	1562455	357334	2093004	2450338
	Public Utility	202.67	37.06	239.73	218	11718	11936	104893	24993	129886
	Sports Complex	5.56	0.00	5.56	19	0	19	10068	0	10068
	Pvt Educational Institute	28.40	1.26	29.66	57	113	170	18042	904	18946
	Commercial Plantation	2.90	1.71	4.61	27	603	630	2177	1601	3778
	Construction	11.35	38.64	49.99	27	8203	8230	10417	48807	59224
	Emergency supply	2.63	0.00	2.63	3	0	3	4699	0	4699
	Common service for Industrial Estate	0.24	0.009	0.25	3	3	6	410	49	459
	Short term	0.18	29.36	29.54	1	21531	21532	100	44949	45049
	Total Commercial	1115.70	2801.29	3917.00	1036	1603945	1604981	508140	2214306	2722446
Irrigation		0.00	1250.42	1250.42	0	296705	296705	0	1233536	1233536
Public Lighting		0.00	323.29	323.29	0	15582	15582	0	63472	63472
Industrial		6325.00	1329.74	7654.74	2755	102861	105616	1857218	1595804	3453022
Public water works & Sewerage Pumping		252.92	169.92	422.84	276	13584	13860	136978	147333	284311
Cold Storage		446.99	0.00	446.99	494	0	494	123569	0	123569
MES		117.10	0.00	117.10	36	0	36	30109	0	30109
Traction		1127.35	0.00	1127.35	26	0	26	312500	0	312500
Sub-total (A)		9410.43	16116.33	25526.76	4663	18108332	18112995	2979171	13802801	16781972
Other Licensee										
CESC		5.47		5.47	1		1			
DPSC		19.09		19.09	1		1			
DPL		80.50		80.50	4		4			
DVC		0.00		0.00	1		1			
Sikkim		23.96		23.96	1		1			
Sub-total (B)		129.02	0.00	129.02	8	0	8			
(C) Sale to person other than		2049.22	0.00	2049.22	0	0	0			
(D) Others		1.19	0.00	1.19	0	0	0			
TOTAL (A+B+C+D)		11589.86	16116.33	27706.19	4671	18108332	18113003	2979171	13802801	16781972

**WEST BENGAL STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED**

**Financial Statements
2017-2018**



WBSEDCL

**Vidyut Bhawan
Bidhannagar
Kolkata 700 091**

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
Balance Sheet as at 31 st Mar 2018				
Particulars	Note No	As at 31 st Mar 2018	As at 31 st Mar 2017	
(₹ in lakhs)				
ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	(1)	1,829,316	1,760,990	
(b) Capital Work-in-progress	(1)	117,036	115,789	
(c) Other intangible assets	(1)	3,449	1,884	
(d) Financial Assets	(2)	1,837	494	
(e) Investments	(3)	746	881	
(f) Other Financial Assets	(4)	168,770	64,395	
(g) Other non-current assets	(4)	2,121,154	1,964,433	
2 Current Assets				
(a) Inventories	(5)	22,226	20,500	
(b) Financial Assets	(6)	470,336	463,139	
(c) Trade receivables	(7)	80,680	79,822	
(d) Cash and Cash equivalents	(8)	146,632	148,380	
(e) Bank Balances other than (d) above	(9)	2,205	1,994	
(f) Loans	(10)	199,300	205,077	
(g) Other Financial Assets	(11)	19,939	41,271	
(h) Other Current assets	(11)	941,318	960,183	
Total Assets		3,062,472	2,924,616	
Regulatory deferral account Debit Balance	(12)	1,191,018	1,158,171	
Total Assets and Regulatory deferral account Debit Balance		4,253,490	4,082,787	
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	(13)	229,624	225,674	
(b) Other Equity	(14)	18,028	13,500	
(c) Reserve and Surplus	(14)	247,652	239,174	
Total Equity		247,652	239,174	
Liabilities				
1 Non-Current liabilities				
(a) Financial liabilities				
(i) Borrowings	(15)	582,481	605,693	
(ii) Trade payables	(16)	6,708	24,135	
(iii) Security Deposit from Consumers	(17)	318,523	287,701	
(iv) Other Financial liabilities	(18)	3,361	2,080	
(b) Deferred Tax liabilities (Net)	(19)	0	0	
(c) Government Grants	(20)	922,678	827,331	
(d) Other non-current liabilities	(21)	350,033	311,133	
(e) Consumers' Contribution towards Capital Assets	(21)	2,183,784	2,058,073	
Total Non-Current liabilities		2,183,784	2,058,073	
2 Current liabilities				
(a) Financial liabilities				
(i) Borrowings	(22)	588,118	471,359	
(ii) Trade payables	(23)	485,497	458,677	
(iii) Security Deposit from Consumers	(24)	12,410	9,010	
(iv) Other Financial liabilities	(25)	313,817	394,304	
(b) Employee Benefit obligations	(26)	315,323	326,263	
(c) Government Grants	(27)	24,064	22,437	
(d) Other current liabilities	(28)	82,825	103,490	
Total Current liabilities		1,822,054	1,785,540	
Total Equity & Liabilities		4,005,838	3,843,613	
Significant Accounting Policies		4,253,490	4,082,787	

Note forming part of Financial Statements 1 to 54

In Term of our Report of even date
For DE & BOSE
CHARTERED ACCOUNTANTS
FRN. 302175 E

(Tari Desgupta)
Partner
Membership No. 053380
Place: Kolkata
Date: 16th July, 2018

(K.K. Ghosh)
Director (Finance) &
Chief Financial Officer

Aparna Biswas
(Aparna Biswas)
Company Secretary

(Rajesh Pandey)
Chairman & Managing Director



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
Statement of Profit and Loss for the year ended 31 st Mar 2018				
Particulars		Note No	2017-2018	2016-2017
			(` in lakhs)	
1	Revenue from operations			
(a)	Revenue from Sale of Power	(29)	1,892,302	1,787,888
(b)	Other Operating Revenue	(30)	45,453	47,276
	Other income	(31)	47,472	33,624
	Total Revenue		1,985,227	1,868,788
2	Expenses:			
(a)	Purchases of Power, Transmission Charges & Operating Lease	(32)	1,613,990	1,496,926
(b)	Employee benefits expenses	(33)	105,426	133,234
(c)	Finance costs	(34)	154,283	171,885
(d)	Depreciation & amortization	(35)	92,750	88,378
(e)	Other expenses	(36)	117,028	105,078
	Total expenses		2,083,477	1,995,501
3	Loss before net movements in Regulatory deferral accounts balance & Tax (1-2)		(98,250)	(126,713)
4	Net movement in Regulatory deferral account balances related to Profit & Loss	(37)	94,220	124,380
5	Profit (+) /Loss (-) after net movements in Regulatory deferral accounts balance & before Tax (3+4)		(4,030)	(2,333)
6	Tax expense:	(38)		
	(1) Current tax		(0)	196
	(2) Deferred tax		-	-
	Sub-total		(0)	196
7	Net Loss for the period & net movement in Regulatory deferral account balances(5-6)		(4,030)	(2,529)
8	Other Comprehensive Income Items that will not be reclassified to profit or loss	(39)		
(a)	Remeasurements of post-employment benefit obligations		9,752	7,198
(b)	Income tax relating to post-employment benefit obligations		1,637	1,536
	Other comprehensive income for the year net of tax (a-b)		8,115	5,662
9	Total comprehensive income for the Period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the Period)		4,085	3,133
10	Earning per equity share of face value of ₹ 10 each			
(a)	Basic and diluted EPS - (in ₹)		(4.35)	(5.61)
(b)	Basic and diluted EPS including net movement in regulatory deferral account balances after tax (in ₹)		(0.18)	(0.11)

Significant Accounting Policies

Note forming part of Financial Statements 1 to 54

In Term of our Report of even date

For DE & BOSE

CHARTERED ACCOUNTANTS

FRN. 302175 E

For & on behalf of the Board

Tas Gupta

(K.K. Ghosh)
Director (Finance) &
Chief Financial Officer

Aparna Biswas
(Aparna Biswas)
Company Secretary

(Rajesh Pandey)
Chairman & Managing Director

(Tarit Dasgupta)
Partner

Membership No. 053380

Place: Kolkata

Date: 16th July, 2018



Statement of Changes in Equity For the year ended 31 March 2018

A. Equity share capital	(₹. in lakhs)
As at 31 March 2016	
Changes in equity share capital	225,674
As at 31 March 2017	
Changes in equity share capital	225,674
As at 31 March 2018	3,950
	229,624

B. Other equity

Particulars	Reserve and surplus				Total
	Share Application money received (pending allotment)	Reserve for Unforeseen Exigencies	Debenture Redemption Reserve	Retained earnings	
	(₹. in lakhs)				
Balance at 31 March 2016	-	15,500	7,448	(12,581)	10,367
Loss for the year	-	-	-	(2,529)	(2,529)
Other comprehensive income	-	-	-	5,662	5,662
Total	-	15,500	7,448	(9,448)	13,500
Transfer to debenture redemption reserve	-	-	1,667	(1,667)	-
Balance at 31 March 2017	-	15,500	9,115	(11,115)	13,500
Loss for the year	-	-	-	(4,030)	(4,030)
Other comprehensive income	-	-	-	8,115	8,115
Total	-	15,500	9,115	(7,030)	17,585
Transfer to debenture redemption reserve	-	-	1,667	(1,667)	-
Share Application money Received (Pending allotment)	443	-	-	-	443
Balance at 31 March 2018	443	15,500	10,782	(8,697)	18,028

In Term of our Report of even date
For DE & BOSE
CHARTERED ACCOUNTANTS
FRN. 302175 E

Tas Gupta

(Tarit Dasgupta)
Partner
Membership No.053380
Place: Kolkata
Date: 16th July, 2018

(K.R. Ghosh)
Director (Finance) &
Chief Financial Officer



For & on behalf of the Board

Aparna Biswas
(Aparna Biswas)
Company Secretary

(Rajesh Pandey)
Chairman & Managing Director

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2018			
Sl. No.	Particulars	2017-2018	2016-2017
		('₹ in lakhs)	
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit/(Loss) Before Taxation & Extraordinary Items.	5,722	4,865
	Adjustment For:		
	Depreciation	92,750	88,378
	Interest & Financial Charges	125,843	140,999
	Bad Debts & Provision & ECL	2,131	1,753
	Provision for Investment	-	575
	Loss on demolition, retirement of Fixed Assets	1,521	3,605
	Loss on obsolescence of Inventory	34	-
	Excess provision Written Back	(674)	-
	Profit on Sale of Fixed Assets	(29)	
	Interest/Dividend etc. Income	(1,385)	(1,834)
	Amortisation of Govt Grants	(23,424)	(19,062)
	Amortisation of Consumers Contribution	(8,251)	(7,864)
	Transaction Cost on Capital Bond	17	16
	Interest expenses on Power Purchase liability	11,618	15,268
	Interest expenses on liability for Capital Supplies/Work	1,367	1,235
	Operating Profit Before Working Capital Change (1)	207,240	227,934
	Adjustment For:		
	Stores & Spares	1,726	(3,549)
	Sundry Debtors	9,328	31,421
	Other Assets	62,810	10,835
	Loans & Advances	(7,844)	(5,147)
	Liabilities & Provision, etc.	(20,416)	(42,673)
	Changes in working Capital (2)	45,604	(9,113)
	Regulatory Deferral Account (3)	14,174	(89,363)
	Cash Generation from operation [4=(1-2-3)]	147,462	326,410
	Tax Paid (4)	1,735	2,143
	NET CASH FROM OPERATING ACTIVITIES [(A)=(3-4)]	145,727	324,267
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Decrease (Increase) in Fixed Assets	(164,133)	(226,526)
	Decrease (Increase) in Work in Progress	(1,247)	25,537
	(Increase)/Decrease in Investments	405	(41,643)
	Interest/Dividend Income	(893)	(231)
	NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	(165,868)	(242,863)

C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowing (Net)	(19,458)	(159,750)
Proceeds from Consumers contribution & capital subsidy	135,874	145,027
Proceeds from Share Capital	4,393	-
Interest & Financial Charges.	(184,604)	(123,973)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	(63,795)	(138,696)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(83,936)	(57,292)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(327,638)	(270,346)
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	(411,574)	(327,638)

Reconciliation of Cash & Cash Equivalents as per the Cash Flow Statement		
Cash and Cash equivalents as per above comprise of the following	31-Mar-18	31-Mar-17
Cash and Cash equivalents (note no-7)	80,680	79,822
Cash Credit (note no-22)	(492,254)	(407,460)
Balance as per Statement of Cash Flows	(411,574)	(327,638)

Changes in liability arising from Financial Activities	1st April, 2017	Cash flow	31st March, 2018
	(₹ in lakhs)		
Borrowing-Non Current (note no-15)	788,996	51,423	737,573
Borrowing-Current (note no-22)	63,899	(31,965)	95,864
Total	852,895	19,458	833,437

In Term of our Report of even date
For DE & BOSE
CHARTERED ACCOUNTANTS
FRN. 302175 E

For & on behalf of the Board

Tarit Dasgupta

(K.K.Ghosh)
Director (Finance) &
Chief Financial Officer

Aparna Biswas
(Aparna Biswas)
Company Secretary

(Rajesh Pandey)
Chairman & Managing Director

(Tarit Dasgupta)
Partner
Membership No.053380
Place: Kolkata
Date: 16th July, 2018



West Bengal State Electricity Distribution Company Limited

Background

WBSEDCL was incorporated under Companies Act, 1956 on 16.02.2007. The company received on 21.03.2007 the Certificate for Commencement of Business issued by the Registrar of Companies, West Bengal. The Company is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 and entire paid up Share Capital is held by the Government of West Bengal and its nominees. The detailed break up order of balances as revested by Govt. of West Bengal vide No. 12-PO/O/III/3R-29/2006 dated 25.01.2007 read with 313-PO/O/III/3R-29/2006 dated 19.09.2008 under final transfer scheme have not been issued till date. The detailed accounting was made on the basis of recommendation of PricewaterhouseCoopers (PWC), the consultant of Govt. of West Bengal on Power Sector Reform of West Bengal.

The financial statements were authorized for issue of Directors on 16th July 2018.

Significant Accounting Policies

1. Basis of preparation of financial statements

The Company finalised the financial statements of 2017-18 for the 11th year of its business. These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016] and other relevant provisions of the Act. These financial statements are the second financial statements of the Company under Ind AS.

2. Use of Estimates

The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities at the end of reporting period, the reported amount of revenues and expenses during the reporting period and disclosure of contingent liabilities at the end of reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. Inventories

- 3.1 Cost of raw materials comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition.

- 3.1 Cost of raw materials comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition.
- 3.2 Costs are assigned to individual items of inventory on the basis of weighted average basis.
- 3.3 Costs of purchased inventory are determined after deducting rebates and discounts.
- 3.4 Inventories are stated at the lower of cost and net realizable value.
- 3.5 Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.
- 3.6 Consumption accounting is done immediately on issue of materials from stores other than advance to contractors, in which case it is based on the details of consumption recorded by the Contractors.
- 3.7 All Store items are issued at running weighted average issue rates prevailed in the accounting units.
- 3.8 Spares, standby equipment and servicing equipment, which do not meet the recognition criteria as Property, Plant and Equipment are recorded as Inventories.
- 3.9 50% of value of slow-moving and non-moving inventory, and 100% of value of obsolete and scrap materials are considered for provision.
- 3.10 Write off/write in of stock arising out of physical verification and/or otherwise is accounted for only on approval of the appropriate authority.

4. Property, plant and equipment

- 4.1 Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost, less accumulated depreciation and impairment, if any. The Company regards the carrying amount as deemed cost at the transition date, viz., 1 April 2015.
- 4.2 Fixed assets shall be broadly classified under the following categories as applicable to the company.
- Generation assets
 - Distribution assets
 - Other assets

Similarly, capital works in progress accounts shall also be classified under the above three broad heads.

- 4.3 Assets are stated at original (historical) cost of acquisition including freight, insurance, duties, taxes and other incidental expenses incurred to bring the assets to use, less accumulated depreciation and impairment, if any.
- 4.4 Fixed Asset is accounted for through capital works in progress account and transferred to the appropriate fixed asset account when the assets are put to use on commissioning.
- 4.5 In case of commissioned assets, where final settlement of bills with contractor is yet to be effected, capitalization is done, subject to necessary adjustment in the year of final settlement.
- 4.6 Spares parts, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized. The carrying amount of those spare parts, standby equipment and servicing equipment that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other spare parts, standby equipment and servicing equipment are treated as "stores & spares" and are classified as inventory.
- 4.7 Any cost for addition or improvement to fixed assets that results in increasing the utilities or capacity or life of the assets shall be capitalized and included in the cost of assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
- 4.8 The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
- 4.9 The trial run expenses for Generation Assets during capitalisable period shall be capitalised after netting off revenue earned from sale of power (Infirm power).
- 4.10 For impairment of assets, if carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is to be reduced to the recoverable amount by charging under Profit & Loss Account.
- 4.11 Property, plant and equipment awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately.

4.12 An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.13 The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.14 Physical verification of Property Plant and equipment shall be done departmentally on yearly basis.

5 Leases

5.1 The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

5.2 For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

As a lessee

5.3 Leases of property, plant and equipment where the Company as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

5.4 Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless

the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

- 5.5 Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

6. Investment properties

- 6.1 Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.
- 6.2 Investment properties are depreciated using the straight-line method over their estimated useful lives.
- 6.3 Transfers to or from investment property is made when and only when there is a change in use.
- 6.4 Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

7. Government Grants

- 7.1 Grants and subsidies from the government are recognized at their fair value reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.
- 7.2 Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- 7.3 Government grants relating to the purchase of property, plant and equipment are

Included in non-current liabilities as deferred income and are credited to profit or loss on a systematic basis over the expected lives of the related assets and presented within other income.

8. Assets transferred from Consumers

- 8.1 Assets transferred from customers are recognized at their fair value when it met the definition of an asset and all attaching conditions will be complied with.
- 8.2 Assets transferred from customers are included in non-current liabilities as consumer's contribution towards capital assets and are credited to profit or loss on a systematic basis over the expected lives of the related assets and presented within other income.

9. Borrowing Costs

- 9.1 General and specific borrowing cost (including bond issue expenses, interest, front end fee, etc) directly related to a particular project under construction or acquisition of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
- 9.2 Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
- 9.3 All other borrowing costs are expensed in the period they occur.

10. Treatment of Expenditure During Construction

Indirect Expenses capitalized are allocated to various Capital Works In Progress Account to the extent they are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

11. Accounting of Intangible Assets

- 11.1 Following initial recognition, Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- 11.2 Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the

expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

- 11.3 The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.
- 11.4 Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognized.
- 11.5 Cost of computer software recognized as Intangible Asset is amortized on straight line method over the useful life of five years.
- 11.6 On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

12. Treatment of Claims

Claims by Contractors / Suppliers on the Company for liquidated damage, escalation, bonus and revision in rates which are not specifically covered under respective contracts are taken into account on acceptance.

13. Depreciation

- 13.1 Depreciation is provided on straight line method based on useful life of assets and norms specified in the Regulations notified by the West Bengal Electricity Regularity Commission, a statutory authority constituted under the Electricity Act, 2003. However, such useful life of assets is different from the useful life of assets specified in schedule II of the Companies Act, 2013. Ministry of Power has issued Tariff Policy which provides that the calculated rates of depreciation notified by the CERC or State Regularity Commissions would be applicable for the purpose of tariffs as well as accounting. No depreciation is charged for the freehold land as well as the land acquired on perpetual lease and which does not have a limited useful life.
- 13.2 Depreciation is not being provided once the Assets come down to 10% of the original Value.

13.3 Foreign Currency Transaction

Items Included in the financial statements of Company are measured using the currency of the primary economic environment in which the entity operates (₹the

functional currency'). The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

- 13.4 Transactions denominated in foreign currencies are recognized at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of transaction.
- 13.5 Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.
- 14.4 Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- 14.5 Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).
- 14.6 Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on nonmonetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

14. Revenue/Expenditure Recognition

- 15.1 Revenue is measured at the fair value of the consideration received or receivable net of trade discount and volume rebates. The revenue from sale of power as well as purchase of power expenses are accounted for on accrual basis. At the year end, the provisions are made if no bills are received or raised till date of closing of the respective financial year.
- 15.2 Revenue income and expenditures are recognized as and when accrued by written communication from any Regulatory or Statutory authority, unless the same is under litigation or process of litigation. Further Income Receivable through Regulatory Mechanism in respect of additional cost incurred during the period over and above cost allowed in prevailing tariff order is recognized based on the applicable available orders and regulations of Regulatory Authorities.
- 15.3 Income Realizable Through Regulatory Mechanism is to be recognized when it is

probable that the future economic benefits associated with it will flow to the company as a result of the actual or expected actions of the regulator under the applicable regulatory framework and the amount can be measured reliably.

- 15.4 The tariff rate of sale/purchase of power under jurisdiction of CERC/WBERC is recognised as ordered by the Regulators.
- 15.5 Sale of electricity does not include Electricity Duty as the same is not the income of the company. Electricity Duty payable to Govt. of West Bengal is accounted for on the amount of Electricity Duty collected during the year.
- 15.6 Bad and doubtful debts are provided in the accounts based on expected credit loss model. In case of billing against theft of power, penalty portion is separated from energy charges and on which electricity duty is not charged.
- 15.7 Policy had been framed for any waiver, rectification, adjustments of Annual Minimum Guaranteed Revenue (AMGR) & Late Payment Surcharge (LPSC) with specific delegated financial powers for such approval. As per such approval, necessary accounting shall be made in Debtors' Account.
- 15.8 Revenues from Services are recognized pro-rata over the period of the contract as and when services are rendered.
- 15.9 For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.
- 15.10 Dividend income is recognized when the Company's right to receive dividend is established by the balance sheet date.

15. Employee Benefits

- 15.1 Employee Benefits include benefits provided to employee or their spouses, Children and other dependents and may be settled by payments made either directly to the employees, spouses, children or other dependents or to their legal heirs or nominees or to others such as Trusts, Insurance Company.

15.2 An employee may provide service at a full time, part time, casual or temporary basis. Employee includes full time Directors and other Management Personnel.

15.3 All the major personnel costs e.g. Salaries, wages, Bonus, Company's Contribution to PF and FPS etc. shall be accounted for on accrual basis without any actuarial valuation.

15.4 Terminal Benefits like Gratuity, Pension, Leave Encashment etc. shall be accounted for on accrual basis using actuarial valuation.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and Net Interest expense or income

15.5 Personal costs like Overtime, Medical Reimbursement will be accounted for on accrual basis.

15.6 Capitalization of Employee Cost:

- (a) Employee cost of construction units are capitalized @ 100% of employee cost.
- (b) Employee cost of other units are capitalized @ 15% of employee cost.
- (c) Employee cost (other than current service cost) arises out of Actuarial Valuation report are not capitalized.

16. Provisions, Contingent Liabilities and Assets

- 16.1 The provisions are recognised when the company has a present legal and constructive obligation as a result of the past events for which it is probable that an outflow of economic benefits will be required to settle obligation and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

- 16.2 Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

- 16.3 Contingent assets are disclosed in the financial statements.

17. Segmental Reporting

Since the Company has only one Integrated business, i.e. Generation & Distribution of power, it has no reportable segment.

18. Impairment of tangible and intangible fixed assets

Cash generating units as defined in Ind AS 36 on impairment of assets are identified at the balance sheet date. At the date of Balance Sheet, if there are indications of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

19. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

20. Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions,

other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

21. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

22. Investment in subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity.

Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Investments in subsidiaries are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

On the date of transition to Ind AS, the Company has considered the carrying value of investment in subsidiaries as per previous GAAP to be the deemed cost as per Ind AS 101.

23. Investment in joint ventures and associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The investment in joint ventures and associates are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

On the date of transition to Ind AS, the Company has considered the carrying value of investment in associate as per previous GAAP to be the deemed cost as per Ind AS 101.

24. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

26. Financial Liabilities

26.1 Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

26.2 The Company's financial liabilities include loans & borrowings, trade and other payables.

- **Classification, initial recognition and measurement**

- 26.3 Financial liabilities are recognized initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities.
- 26.4 Financial liabilities are classified as subsequently measured at amortized cost.
- 26.5 Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective rate of interest.
- Subsequent measurement
- 26.6 After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method.
- 26.7 Gains and losses are recognized in Statement of Profit or Loss when the liabilities are derecognized as well as through the EIR amortization process.
- 26.8 The EIR amortization is included as finance costs in the statement of profit and loss.
- De-recognition of financial liability
- 26.9 A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance cost.

27. Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will

depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in

other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity Instruments

All equity investments are subsequently measured at fair value. Where it is elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

It is assessed on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, simplified approach is followed, permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Derecognition of financial assets

A financial asset is derecognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

In case of transfer of an asset, WBSEDCL evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred

substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where neither financial asset is transferred nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if WBSEDCL has not retained control of the financial asset. Where WBSEDCL retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income recognition

Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

28. Rate Regulated Activities

28.1 Certain expenses and income, allowed under WBERC regulations to be reimbursed /passed on by/to from beneficiaries in future, are to be accounted in the statement of profit and loss as per the provisions of Ind AS. Such expenses and income, to the extent allowable/payable under WBERC Regulations are treated as Regulated Assets and liabilities.

28.2 The Company presents separate line items in the balance sheet for:

- (a) the total of all regulatory deferral account debit balances; and
- (b) the total of all regulatory deferral account credit balances.

A separate line item is presented in the profit or loss section of the statement of profit and loss for the net movement in all regulatory deferral account balances for the reporting period.

29. Taxes on Income

29.1 The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

29.2 The provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

29.3 Deferred tax liabilities/assets are not recognized:

- If they arise from the initial recognition of goodwill.
- If it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).
- For temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

29.4 Deferred income is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

29.5 Deferred tax assets and liabilities are off set when:

- There is legally enforceable right to offset current tax assets and liabilities and
- When the deferred tax balances relate to the same taxation authority.

29.6 Current tax assets and tax liabilities are offset where

- The entity has a legally enforceable right to offset and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

29.7 Current and deferred tax is recognized in profit & loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

30 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

31 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

32 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

33 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business.

34 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

35. New amendment that is not yet effective and have not been early adopted

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115- Revenue from Contract with Customers and certain amendment to existing Ind AS. This amendment shall be applicable to the Company from April 01, 2018.

Issue of Ind AS 115 - Revenue from Contracts with Customers

Issue of Ind AS 115 - Revenue from Contracts with Customers,

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

Notes to the Financial Statements