



West Bengal State Electricity Distribution Company Limited

(A Govt. of West Bengal Enterprise)

Registered Office: Vidyut Bhavan, Bidhannagar, Block – DJ, Sector –II, Kolkata-700 091

CIN: U40109WB2007SGC113473; website: www.wbsedcl.in

Memo. No. A/Bond/DCL/58/BSE/384

Date: 11.11.2022.

To

The Manager – Deptt. Of Corporate Services,
Bombay Stock Exchange,
PJ Towers, (Floor – 25th)
Dalal Street,
Mumbai – 400 001.

Sub: Submission of Audited Standalone Financial Results for the Financial Year ended 31.03.2022 after completion of Audit by the Comptroller and Auditor General of India.

Ref: Company Code:10007.

Sir,

In terms of Regulation 52(d)(ii) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we submit herewith the following documents for your information and record:

1. Comments of the Comptroller and Auditor General of India(C&AG) under section 143(6)(b) of the Companies Act,2013 on the Consolidated and Standalone Audited Financial Statements for the year ended 31.03.2022.
2. Management Reply on the comments of C & AG on the Consolidated and Standalone Audited Financial Statements for the year ended 31.03.2022.
3. Standalone and Consolidated Audited Financial Results for the year ended 31.03.2022 along with the Statutory Auditors Report.
4. Declaration for unmodified opinion in terms of SEBI circular no. CIR/CFD/CMD/56/2016 dated 27th May 2016.
5. Information under clause 52(4) of Chapter V of SEBI (LODR) Regulations, 2015 for the Year ended 31.03.2022

Enclosure: As stated.

Yours faithfully,

Aparna Biswas . 11/11/2022
Aparna Biswas

Company Secretary & Compliance officer

Telephone: 23345844/23591903

Fax: (033) 23585292 / 23598395

Email: lnwbsedcl@gmail.com

WBSedCL

By Speed Post



सत्यमेव जयते

कार्यालय महालेखाकार
(लेखापरीक्षा - II)
पश्चिम बंगाल
OFFICE OF THE
ACCOUNTANT GENERAL
(Audit-II)
West Bengal

No.: OA(AMG-IV)/Accounts/WBSEDCL(CFS)/2021-22/ 595
Date:- 28.10.2022

To
The Chairman & Managing Director,
West Bengal State Electricity Distribution Company Limited,
Vidyut Bhavan, Bidhannagar,
Block DJ, Sector-II, Kolkata-700 091

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Consolidated Financial Statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2022

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Consolidated Financial Statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2022.

Encl: As stated.

Yours faithfully,

Deputy Accountant General (AMG-IV)

सी. जी. ओ. कम्प्लेक्स, डी. एफ. ब्लॉक, साल्ट लेक, कोलकाता - 700 064

3rd MSO Building, 5th Floor, CGO Complex, DF Block, Salt Lake, Kolkata – 700 064.
Phone: (033) 2337-4916; FAX: (033) 2334-7854, e-mail: agauwestbengal2@cag.gov.in

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 2022

The preparation of consolidated financial statements of West Bengal State Electricity Distribution Company Limited, for the year ended 31 March 2022 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 27.05.2022.

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 2022 under section 143(6)(a) read with section 129(4) of the Act. We 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.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my notice and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Other Comments

Consolidated Balance Sheet as on 31 March 2022

Regulatory Deferral Account Debit Balance (Note-14): ₹ 18,330.17 crore

The Company's business is rate-regulated. The annual tariffs (or rates) are to be notified in advance by the West Bengal Electricity Regulatory Commission (WBERC) before commencement of each year. These rates are subsequently reviewed through Annual Performance Reviews (APRs) and adjusted in future years. Accordingly, based on their understanding and interpretation of regulations notified and past tariff/ APR orders issued by WBERC, the Company estimates the quantum of regulatory assets (RAs) to be reflected in their financial statements every year. The accumulated balance of RAs as at the end of the year 2021-22 is ₹ 18,330.17 crore.

RAs have arisen primarily due to time lag between submission of petitions for Fuel and Power Purchase Cost Adjustment (FPPCA) and APRs by the Company to WBERC and their acceptance, either in part or in full, by WBERC. It is seen that APRs of the Company are pending with WBERC since 2018-19 as on 31 March 2022.

Para 8.2.2 of The National Tariff Policy 2016 provides that creation of Regulatory Assets would not be allowed under 'business as usual' conditions. Recovery of outstanding RAs alongwith carrying cost of RAs should be time bound and within a period not exceeding seven years. WBSEDCL had also continued to account for RAs over the years 'under business as usual' conditions and as of 31 March 2022 an aggregate amount of ₹ 18,330.17 crore appeared as recoverable which included RAs since March 2014.

Further, WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011 to avoid accumulation of RAs; in July 2014 they directed licensees to compute MVCA, taking into consideration the related costs, failing which WBERC would not allow adjustments of RAs in full during truing up in subsequent APRs. However, the Company had not revised MVCA rate for the last six years since July 2016.

WBERC had increased average tariff in the past eight years from ₹ 6.56 per unit in 2014-15 to ₹ 7.12 per unit in 2021-22, i.e., an increase of 56 paise per unit. Moreover, amounts admitted by WBERC and their recovery through tariff mechanism have not been commensurate with

the claims booked by the Company, resulting in increasing amounts of RAs recoverable in every successive year.

Besides, the State Government has intimated (July 2021) to WBERC that current scale of regulatory receivables was so large that it was beyond their means to liquidate RA as they had done before.

The Company has recognised RAs without reasonably considering past trends of WBERC. Moreover, contrary to WBERC's directions, it had not revised the rate of MVCA since 2016. The State Government has also expressed their inability to liquidate RAs. Consequently, recovery of aggregate accumulated RAs of ₹ 18,330.17 crore either through tariff mechanism or from Government grants is uncertain. Therefore, the depiction of RAs in the consolidated financial statements as receivables appears not reasonable.

B. Independent Auditor certified the Consolidated Financial Statement of the Company for the year 2021-22 in deviation to 'Conditions for the Auditors' issued by C&AG of India.

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



**(Anadi Misra)
Accountant General (Audit-II)
West Bengal**

Dated at Kolkata

28 OCT 2022

By Speed Post



सत्यमेव जयते

कार्यालय महालेखाकार
(लेखापरीक्षा -II)
पश्चिम बंगाल
OFFICE OF THE
ACCOUNTANT GENERAL
(Audit-II)
West Bengal

No.: OA(AMG-IV)/Accounts/WBSEDCL/2021-22/ 574
Date:- 28.10.2022

To
The Chairman & Managing Director,
West Bengal State Electricity Distribution Company Limited,
Vidyut Bhavan, Bidhannagar,
Block DJ, Sector-II, Kolkata-700 091

Sub: 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 2022

Sir,

I am to forward herewith the 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 2022.

Encl: As stated.

Yours faithfully,

Deputy Accountant General (AMG-IV)

**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 2022**

The preparation of financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2022, 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 27.05.2022.

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 2022 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.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my notice and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Other Comments

Standalone Balance Sheet as on 31 March 2022

Regulatory Deferral Account Debit Balance (Note-14): ₹ 18,330.17 crore

The Company's business is rate-regulated. The annual tariffs (or rates) are to be notified in advance by the West Bengal Electricity Regulatory Commission (WBERC) before commencement of each year. These rates are subsequently reviewed through Annual Performance Reviews (APRs) and adjusted in future years. Accordingly, based on their understanding and interpretation of regulations notified and past tariff/ APR orders issued by WBERC, the Company estimates the quantum of regulatory assets (RAs) to be reflected in their financial statements every year. The accumulated balance of RAs as at the end of the year 2021-22 is ₹ 18,330.17 crore.

RAs have arisen primarily due to time lag between submission of petitions for Fuel and Power Purchase Cost Adjustment (FPPCA) and APRs by the Company to WBERC and their acceptance, either in part or in full, by WBERC. It is seen that APRs of the Company are pending with WBERC since 2018-19 as on 31 March 2022.

Para 8.2.2 of The National Tariff Policy 2016 provides that creation of Regulatory Assets would not be allowed under 'business as usual' conditions. Recovery of outstanding RAs alongwith carrying cost of RAs should be time bound and within a period not exceeding seven years. WBSEDCL had also continued to account for RAs over the years 'under business as usual' conditions and as of 31 March 2022 an aggregate amount of ₹ 18,330.17 crore appeared as recoverable which included RAs since March 2014.

Further, WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011 to avoid accumulation of RAs; in July 2014 they directed licensees to compute MVCA, taking into consideration the related costs, failing which WBERC would not allow adjustments of RAs in full during truing up in subsequent APRs. However, the Company had not revised MVCA rate for the last six years since July 2016.

WBERC had increased average tariff in the past eight years from ₹ 6.56 per unit in 2014-15 to ₹ 7.12 per unit in 2021-22, i.e., an increase of 56 paise per unit. Moreover, amounts admitted by WBERC and their recovery through tariff mechanism have not been commensurate with the

claims booked by the Company, resulting in increasing amounts of RAs recoverable in every successive year.

Besides, the State Government has intimated (July 2021) to WBERC that current scale of regulatory receivables was so large that it was beyond their means to liquidate RA as they had done before.

The Company has recognised RAs without reasonably considering past trends of WBERC. Moreover, contrary to WBERC's directions, it had not revised the rate of MVCA since 2016. The State Government has also expressed their inability to liquidate RAs. Consequently, recovery of aggregate accumulated RAs of ₹ 18,330.17 crore either through tariff mechanism or from Government grants is uncertain. Therefore, the depiction of RAs in the financial statements as receivables appears not reasonable.

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



**(Anadi Misra)
Accountant General (Audit-II)
West Bengal**

Dated at Kolkata

28 OCT 2022

MANAGEMENT REPLY ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS (CFS) OF WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2022

| | <i>Audit Observations</i> | Reply |
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| | Other Comments | |
| A | <p>The Company's business is rate-regulated. The annual tariffs (or rates) are to be notified in advance by the West Bengal Electricity Regulatory Commission (WBERC) before commencement of each year. These rates are subsequently reviewed through Annual Performance Reviews (APRs) and adjusted in future years. Accordingly, based on their understanding and interpretation of regulations notified and past tariff/APR orders issued by WBERC, the company estimates the quantum of regulatory assets (RAs) to be reflected in their financial statements every year. The accumulated balance of RAs as at the end of the year 2021-22 is ₹ 18,330.17 crore.</p> <p>RAs have arisen primarily due to time lag between submission of petitions for Fuel and Power</p> | <p>Since the Electricity business is a Rate Regulated one, WBSEDCL recognizes Regulatory Deferral balances in terms of financial reporting standards enumerated in Ind AS 114, & the Regulatory framework comprising of Regulations and orders of Regulatory commissions, National Electricity Policy, National Electricity Plan and Tariff Policy.</p> <p>As on 31st March, 2022 WBSEDCL had an accumulation of regulatory deferral account balance of ₹ 18,330.17 Crore, due to non issuance of APR orders from 2018-19 to 2021-22 on the date of Book Closure. Though, As per provisions of Electricity Act, 2003 Tariff Order and APR and FPPCA order is supposed to be issued within 120 days from the date of receipt of application. For all the relevant years WBSEDCL has fully complied with the stipulated timeline for submission of MYT/APR petitions.</p> |

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| <p>Purchase Cost Adjustment (FPPCA) and APRs by the Company to WBERC and their acceptance, either in part or in full, by WBERC. It is seen that APRs of the Company are pending with WBERC since 2018-19 as on 31 March 2022.</p> <p>Para 8.2.2 of The National Tariff Policy 2016 provides that creation of Regulatory Assets would not be allowed under 'business as usual' conditions. Recovery of outstanding RAs along with carrying cost of RAs should be time bound and within a period not exceeding seven years. WBSEDCL had also continued to account for RAs over the years 'under business as usual' conditions and as of 31 March 2022 an aggregate amount of ₹ 18,330.17 crore appeared as recoverable which included RAs since March 2014.</p> <p>Further WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011 to avoid accumulation of RAs; in July 2014 they directed licensees to compute MVCA, taking into consideration the</p> | <p>APR orders for 2018-19 & 2019-20 were issued by WBERC on 27.07.2022. In the APR orders Rs 4647.27 crore was crystallized by WBERC. As the APR orders were issued on 27.07.2022, there was no scope for consideration of the same in the financial Statements of 2021-22 which was approved by the Board on 27.05.2022 itself. This implies that there was no question of crystallization of ₹ 4,647.27 Crore pertaining to the APR of 2018-19 & 2019-20 by the time of Finalization of Financial statements for 2021-22.</p> <p>After issuance of tariff order for 2020-21 & 2021-22 by WBERC on 28.03.2022, WBSEDCL duly submitted the APR petition for 2020-21 on 22.07.2022 only. Moreover APR petition for 2021-22 is due for submission before 30.11.2022. But financial effect of the same has been considered in the accounts of 2021-22 on provisional basis as per approved accounting policy of WBSEDCL. Therefore the amount claimable on account of Regulatory Deferral Account Debit balance amounting ₹ 7,338.75</p> |
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| <p>related costs, failing which WBERC would not allow adjustments of RAs in full during truing up in subsequent APRs. However, the Company had not revised MVCA rate for the last six years since July 2016.</p> <p>WBERC had increased average tariff in past eight years from ₹ 6.56 per unit in 2014-15 to ₹ 7.12 per unit in 2021-22, i.e., an increase of 56 paise per unit. Moreover, amounts admitted by WBERC and their recovery through tariff mechanism have not been commensurate with the claims booked by the Company, resulting in increasing amounts of RAs recoverable in every successive year.</p> <p>Besides the State Government has intimated (July 2021) to WBERC that current scale of regulatory receivables was so large that it was beyond their means to liquidate RA as they had done before.</p> <p>The Company has recognized RAs without reasonably considering past trends of WBERC. Moreover, contrary to WBERC's directions, it</p> | <p>Crore (For 2020-21 & 2021-22) may be considered as a cyclical affair and may not be considered as accumulation of Regulatory Deferral Account Debit Balance for better understanding.</p> <p>From the above submission it is evident that out of the accumulated amounts, orders amounting ₹ 11,986.02 crores were not available at the relevant times though the respective MYT/APR petitions were submitted in due time.</p> <p>In addition to the above, with respect to the APR orders for 2013-14 to 2017-18, WBERC withheld ₹ 3,446.44 Crore subject to submission of certain compliances by the Company for which necessary compliance is being made. Additionally WBERC disallowed ₹ 2,835.88 Crore on account of carrying cost which, as per interpretation of the company, is allowable as per National Tariff Policy-2016 & APTEL orders issued on the matter. On earlier occasions, Hon'ble WBERC itself had allowed the Carrying cost Component. Hence Company has preferred to appeal before the Hon'ble Regulatory Commission/APTEL in this regard. For</p> |
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| <p>had not revised the rate of MVCA since 2016. The State Government has also expressed their inability to liquidate RAs. Consequently, recovery of aggregate accumulated RAs of ₹ 18,330.17 crore either through tariff mechanism or from Governments grants is uncertain. Therefore, the depiction of RAs in the financial statements as receivables appears not reasonable.</p> | <p>all other disallowances of ₹ 932.39 Crore by the regulator, necessary adjustment in Regulatory Deferral balance has been made as per Ind AS 114. Balance ₹ 61.84 Crore has been admitted by WBERC in the Tariff order of 2022-23.</p> <p>In addition to the above WBSEDCL duly considers the trend of claims vis a vis disallowances to ensure that regulatory deferral balances are carried at no more than their recoverable amount going by the past trend.</p> <p>From the aforementioned status it is clear that there have been significant movements in the state of affairs, as far as Regulatory Deferral Account Balance is concerned. The amounts admitted by WBERC have mostly remained in line with the claims made by WBSEDCL as Regulatory Deferral Debit Balance in its financial statements complying with Ind AS 114 & the Regulatory framework. Additionally, due impairment testing of the Regulatory deferral balance so depicted is done to ensure that its assets are carried at no more than their recoverable amount. Hence</p> |
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| | | there is congruity between the amounts admitted by WBERC and their recovery through tariff mechanism with the claims booked by the Company within the regulatory framework and the depiction of regulatory assets in the books of accounts is equally justifiable, reasonable and sustainable, evidently. |
| B. | Independent Auditor certified the Consolidated Financial Statements of the Company for the year 2021-22 in deviation to 'Conditions for the Auditors' issued by C&AG of India. | The matter pertains to the 'Conditions for the Auditors' issued by C&AG of India. Therefore the company has nothing to comment on the matter. |

MANAGEMENT REPLY ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT,2013 ON THE STANDALONE FINANCIAL STATEMENTS OF WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2022

| | <i>Audit Observations</i> | Reply |
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| | Other Comments | |
| A | <p>The Company's business is rate-regulated. The annual tariffs (or rates) are to be notified in advance by the West Bengal Electricity Regulatory Commission (WBERC) before commencement of each year. These rates are subsequently reviewed through Annual Performance Reviews (APRs) and adjusted in future year Accordingly, based on their understanding and interpretation of regulations notified and past tariff/APR orders issued by WBERC, the company estimates the quantum of regulatory assets (RAs) to be reflected in their financial statements every year. The accumulated balance of RAs as at the end of the year 2021-22 is ₹ 18,330.17 crore.</p> <p>RAs have arisen primarily due to time lag between submission of petitions for Fuel and Power</p> | <p>Since the Electricity business is a Rate Regulated one, WBSEDCL recognizes Regulatory Deferral balances in terms of financial reporting standards enumerated in Ind AS 114, & the Regulatory framework comprising of Regulations and orders of Regulatory commissions, National Electricity Policy, National Electricity Plan and Tariff Policy.</p> <p>As on 31st March,2022 WBSEDCL had an accumulation of regulatory deferral account balance of ₹ 18,330.17 Crore, due to non issuance of APR orders from 2018-19 to 2021-22 on the date of Book Closure. Though, As per provisions of Electricity Act,2003 Tariff Order and APR and FPPCA order is supposed to be issued within 120 days from the date of receipt of application. For all the relevant years WBSEDCL has fully complied with the stipulated timeline for submission of MYT/APR petitions.</p> |

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| <p>Purchase Cost Adjustment (FPPCA) and APRs by the Company to WBERC and their acceptance, either in part or in full, by WBERC. It is seen that APRs of the Company are pending with WBERC since 2018-19 as on 31st March 2022.</p> <p>Para 8.2.2 of The National Tariff Policy 2016 provides that creation of Regulatory Assets would not be allowed under 'business as usual' conditions. Recovery of outstanding RAs along with carrying cost of RAs should be time bound and within a period not exceeding seven year WBSEDCL had also continued to account for RAs over the years 'under business as usual' conditions and as of 31 March 2022 an aggregate amount of ₹ 18,330.17 crore appeared as recoverable which included RAs since March 2014.</p> <p>Further WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011 to avoid accumulation of RAs; in July 2014 they directed licensees to compute MVCA, taking into consideration the related costs, failing which WBERC</p> | <p>APR orders for 2018-19 & 2019-20 were issued by WBERC on 27.07.2022. In the APR orders Rs 4647.27 crore was crystallized by WBERC. As the APR orders were issued on 27.07.2022, there was no scope for consideration of the same in the financial Statements of 2021-22 which was approved by the Board on 27.05.2022 itself. This implies that there was no question of crystallization of ₹ 4,647.27 Crore pertaining to the APR of 2018-19 & 2019-20 by the time of Finalization of Financial statements for 2021-22.</p> <p>After issuance of tariff order for 2020-21 & 2021-22 by WBERC on 28.03.2022, WBSEDCL duly submitted the APR petition for 2020-21 on 22.07.2022 only. Moreover APR petition for 2021-22 is due for submission before 30.11.2022. But financial effect of the same has been considered in the accounts of 2021-22 on provisional basis as per approved accounting policy of WBSEDCL. Therefore the amount claimable on account of Regulatory Deferral Account Debit balance amounting ₹ 7,338.75 Crore (For 2020-21 & 2021-22) may</p> |
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| <p>would not allow adjustments of RAs in full during trueing up in subsequent APRs. However, the Company had not revised MVCA rate for the last six years since July 2016.</p> <p>WBERC had increased average tariff in past eight years from ₹ 6.56 per unit in 2014-15 to ₹ 7.12 per unit in 2021-22, i.e., an increase of 56 paise per unit. Moreover, amounts admitted by WBERC and their recovery through tariff mechanism have not been commensurate with the claims booked by the Company, resulting in increasing amounts of RAs recoverable in every successive year.</p> <p>Besides the State Government has intimated (July 2021) to WBERC that current scale of regulatory receivables was so large that it was beyond their means to liquidate RA as they had done before.</p> <p>The Company has recognized RAs without reasonably considering past trends of WBERC. Moreover, contrary to WBERC's directions, it had not revised the rate of MVCA since 2016. The State Government</p> | <p>be considered as a cyclical affair and may not be considered as accumulation of Regulatory Deferral Account Debit Balance for better understanding.</p> <p>From the above submission it is evident that out of the accumulated amounts, orders amounting ₹ 11,986.02 crores were not available at the relevant times though the respective MYT/APR petitions were submitted in due time.</p> <p>In addition to the above, with respect to the APR orders for 2013-14 to 2017-18, WBERC withheld ₹ 3,446.44 Crore subject to submission of certain compliances by the Company for which necessary compliance is being made. Additionally WBERC disallowed ₹ 2,835.88 Crore on account of carrying cost which, as per interpretation of the company, is allowable as per National Tariff Policy-2016 & APTEL orders issued on the matter. On earlier occasions, Hon'ble WBERC itself had allowed the Carrying cost Component. Hence Company has preferred to appeal before the Hon'ble Regulatory Commission/APTEL in this regard. For all other disallowances of ₹ 932.39 Crore by the regulator, necessary</p> |
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| <p>has also expressed their inability to liquidate RAs. Consequently, recovery of aggregate accumulated RAs of ₹ 18,330.17 crore either through tariff mechanism or from Governments grants is uncertain. Therefore, the depiction of RAs in the financial statements as receivables appears not reasonable.</p> | <p>adjustment in Regulatory Deferral balance has been made as per Ind AS 114. Balance ₹ 61.84 Crore has been admitted by WBERC in the Tariff order of 2022-23.</p> <p>In addition to the above WBSEDCL duly considers the trend of claims vis a vis disallowances to ensure that regulatory deferral balances are carried at no more than their recoverable amount going by the past trend.</p> <p>From the aforementioned status it is clear that there have been significant movements in the state of affairs, as far as Regulatory Deferral Account Balance is concerned. The amounts admitted by WBERC have mostly remained in line with the claims made by WBSEDCL as Regulatory Deferral Debit Balance in its financial statements complying with Ind AS 114 & the Regulatory framework. Additionally, due impairment testing of the Regulatory deferral balance so depicted is done to ensure that its assets are carried at no more than their recoverable amount. Hence there is congruity between the amounts admitted by WBERC and their recovery through tariff mechanism</p> |
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| | | with the claims booked by the Company within the regulatory framework and the depiction of regulatory assets in the books of accounts is equally justifiable, reasonable and sustainable, evidently. |
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| WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED | | | | | |
|--|---|-------------------------------------|-----------------------|-----------------------|-----------|
| Standalone Balance Sheet as at 31st March 2022 | | | | | |
| Particulars | | Note No | As at 31st March 2022 | As at 31st March 2021 | |
| | | | (Rs. in lakhs) | | |
| | | | Audited | Audited | |
| ASSETS | | | | | |
| 1 | Non-Current Assets | | | | |
| | (a) | Property,Plant and Equipment | (1) | 26,47,340 | 25,66,502 |
| | (b) | Capital Work-in-progress | (1) | 2,65,546 | 1,96,636 |
| | (c) | Other Intangible Assets | (1) | 5,133 | 4,616 |
| | (d) | Financial Assets | | | |
| | (i) | Investments | (2) | 397 | 397 |
| | (ii) | Trade Receivables | (3) | - | - |
| | (iii) | Other Financial Assets | (4) | 2,046 | 1,146 |
| | (e) | Other Non-Current Assets | (5) | 1,71,669 | 2,16,956 |
| | Total Non-Current Assets | | | 30,92,131 | 29,86,253 |
| 2 | Current Assets | | | | |
| | (a) | Inventories | (6) | 48,476 | 48,586 |
| | (b) | Financial Assets | | | |
| | (i) | Trade Receivables | (7) | 7,54,669 | 7,14,478 |
| | (ii) | Cash and Cash Equivalents | (8) | 53,859 | 52,014 |
| | (iii) | Bank Balances other than (ii) above | (9) | 91,096 | 87,938 |
| | (iv) | Loans | (10) | 1,943 | 1,974 |
| | (v) | Other Financial Assets | (11) | 50,882 | 56,521 |
| | (c) | Other Current assets | (12) | 10,592 | 12,047 |
| | (d) | Assets Classified As Held for Sale | (13) | 336 | 1,620 |
| | Total Current Assets | | | 10,11,853 | 9,75,178 |
| | Total Assets | | | 41,03,984 | 39,61,431 |
| | Regulatory deferral account Debit Balance | | (14) | 18,33,017 | 19,58,057 |
| | Total Assets and Regulatory deferral account Debit Balance | | | 59,37,001 | 59,19,488 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| | (a) | Equity Share Capital | (15) | 2,48,089 | 2,36,589 |
| | (b) | Other Equity | | | |
| | (i) | Reserve and Surplus | (16) | 41,922 | 35,085 |
| | Total Equity | | | 2,90,011 | 2,71,674 |
| | Deferred Government Grants & Consumers' Contributions | | (17) | 19,91,790 | 18,81,192 |
| Liabilities | | | | | |
| 1 | Non-Current Liabilities | | | | |
| | (a) | Financial Liabilities | | | |
| | (i) | Borrowings | (18) | 7,45,969 | 7,02,941 |
| | (ii) | Trade Payables | (19) | - | - |
| | (iii) | Security Deposit from Consumers | (20) | 4,81,482 | 4,34,040 |
| | (iv) | Other Financial Liabilities | (21) | 25,799 | 38,068 |
| | (b) | Deferred Tax Liabilities (Net) | (22) | - | - |
| | (c) | Other Non-Current Liabilities | | | |
| | (i) | Provisions | (23) | 40,396 | 41,153 |
| | Total Non-Current Liabilities | | | 12,93,646 | 12,16,202 |
| 2 | Current Liabilities | | | | |
| | (a) | Financial Liabilities | | | |
| | (i) | Borrowings | (24) | 8,99,243 | 8,23,263 |
| | (ii) | Trade Payables | (25) | 9,60,638 | 11,38,565 |
| | (iii) | Security Deposit from Consumers | (26) | 14,748 | 14,733 |
| | (iv) | Other Financial Liabilities | (27) | 1,91,438 | 2,32,481 |
| | (b) | Employee Benefit Obligations | (28) | 13,912 | 13,665 |
| | (c) | Provisions | (29) | 2,29,097 | 2,77,947 |
| | (d) | Other Current Liabilities | (30) | 52,478 | 49,766 |
| | Total Current Liabilities | | | 23,61,554 | 25,50,420 |
| | Total Liabilities | | | 36,55,200 | 37,66,622 |
| | Total Equity ,liabilities & Deferred Government Grants & Consumers' Contributions | | | 59,37,001 | 59,19,488 |

Notes forming part of Standalone Financial Statements 1 to 61

This is the Balance Sheet referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/5300029
LLP No: AAM-2652

(H K DATTA)
Partner
Membership No: 612208
UDIN: 22012208AJSWXTI7132
Place: Kolkata
Date: 27th May 2022

(K.K. Ghosh)
Chief Financial Officer

(Aparna Biswas)
Company Secretary
Membership No: F8886

For & on behalf of the Board

(Santanu Basu)
Chairman & Managing Director
DIN: 07218581

| WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED | | | | |
|--|--|---------|------------------|------------------|
| Standalone Statement of Profit and Loss for the period ended 31st March 2022 | | | | |
| Particulars | | Note No | 2021-22 | 2020-21 |
| | | | (Rs. In lakhs) | |
| 1 | Income from Operations | | Audited | Audited |
| (a) | Revenue from Sale of Power | (31) | 25,98,653 | 21,44,760 |
| (b) | Other Operating Revenue | (32) | 68,052 | 54,924 |
| (c) | Other Income | (33) | 1,12,772 | 82,925 |
| | Total Income | | 27,79,477 | 22,82,609 |
| 2 | Expenses: | | | |
| (a) | Purchases of Power, Transmission Charges | (34) | 20,12,236 | 21,25,321 |
| (b) | Employee Benefits Expenses | (35) | 1,99,829 | 1,75,862 |
| (c) | Finance costs | (36) | 1,77,651 | 1,59,404 |
| (d) | Depreciation & Amortization | (37) | 1,20,735 | 1,08,469 |
| (e) | Other Expenses | (38) | 1,64,324 | 1,38,598 |
| (f) | Expenditure on Corporate Social Responsibility | (39) | 199 | 117 |
| | Total expenses | | 26,74,974 | 27,07,771 |
| 3 | Profit/(Loss) before net movements in Regulatory deferral accounts balance & Tax (1-2) | | 1,04,503 | (4,25,163) |
| 4 | Net movement in Regulatory deferral account balances related to Profit & Loss [Net of Other Comprehensive income- Note:6 (a) below] | (40) | (1,25,040) | 4,06,143 |
| 5 | Profit (+) /Loss (-) after net movements in Regulatory deferral accounts balance & before Tax (3+4) | | (20,537) | (19,020) |
| 6 | Other Comprehensive Income items that will not be reclassified to profit or loss | (41) | | |
| (a) | Re-measurements of post-employment benefit obligations [this forms part of the Net Movement in Regulatory Account Balances - Note:4 above] | | 29,799 | 26,029 |
| | Tax Expense: | | | |
| (b) | Provision for Income Tax after considering Other Comprehensive Income | (42) | 2,425 | 2,204 |
| | Other comprehensive income for the year net of tax (a-b) | | 27,374 | 23,825 |
| 7 | Total comprehensive income for the Period (5+6) (Comprising Profit (Loss) and other Comprehensive Income for the Period) | | 6,837 | 4,805 |
| 8 | Earning per equity share of face value of Rs. 10 each | | | |
| (a) | Basic EPS - (in Rs.) | | 4.21 | (18.06) |
| (b) | Diluted EPS - (in Rs.) | | 4.21 | (18.06) |
| (c) | Basic EPS including net movement in regulatory deferral account balances after tax (in Rs.) | | (0.95) | (0.90) |
| (d) | Diluted EPS including net movement in regulatory deferral account balances after tax (in Rs.) | | (0.95) | (0.90) |

Notes forming part of Standalone Financial Statements 1 to 61

This is the Statement of Profit & Loss referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010F/E200029
LLP No. 14M-2652

(H K DATTA)
Partner
Membership No: 012208
UDIN: 22012208AJSWXT7132
Place: Kolkata
Date: 27th May 2022

(K.K.Ghosh)
Chief Financial Officer

For & on behalf of the Board
Aparna Biswas.
(Aparna Biswas)
Company Secretary
Membership No: F8886
(Santanu Basu)
Chairman Managing Director
DIN: 07218581

| WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED | | | | |
|---|--|-------------------------------------|----------------|----------|
| STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2022 | | | | |
| Sl. No. | Particulars | Note/Reconciliation reference | 2021-22 | 2020-21 |
| | | | (Rs. in lakhs) | |
| | | | Audited | Audited |
| A | CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| | Net Profit/(Loss) Before Taxation | Recon-1 | 9262 | 7009 |
| | Adjustment For: | | | |
| | Depreciation | 37 | 120735 | 108469 |
| | Interest and Financial Charges | Recon-2 | 143133 | 129104 |
| | Bad & Doubtful Debts Provision and Expected Credit Loss | Recon-3 | 6510 | 5066 |
| | Loss on demolition, retirement of fixed asset | 38 (D) | 4,907 | 2,503 |
| | Loss on obsolescence of Inventory | 38 (D) | 2,283 | 6 |
| | Excess Provision Written Back | 33 | (11170) | (392) |
| | Profit on sale of fixed asset | 38 | (0) | 0 |
| | Interest accrued on non current Transmission Liability & & Notional Interest on Govt. Loan | 33 | (7161) | (4250) |
| | Interest accrued on non current Capital Liability | 33 | (1826) | (2343) |
| | Interest/Dividend etc. Income | 33 | (880) | (1272) |
| | Operating Profit Before Working Capital Change (1) | | 2,65,794 | 2,43,899 |
| | Adjustment For: | | | |
| | Stores & Spares | 6 | 110 | 30360 |
| | Sundry Debtors | 3 & 7 | (46701) | (55381) |
| | Other Current & non Current Assets | 4, 5 and 12 | 555 | 3492 |
| | Loans & Advances | 10 and 11 | 5594 | 55630 |
| | Liabilities & Provision, etc. | 25, 26, 27, 28, 29, 30, 19, 20 & 21 | (216127) | 284020 |
| | Changes in working capital (2) | | (2,56,570) | 3,18,121 |
| | Regulatory Deferral Account (3) | 14 | 121061 | (404026) |
| | Cash Generation from Operation [4=(1+2+3)] | | 1,30,285 | 1,57,993 |
| | Tax paid (4) | | 2108 | 2277 |
| | NET CASH FROM OPERATING ACTIVITIES [(A)=3-4] | | 1,28,177 | 1,55,717 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | |
| | Decrease (Increase) in Fixed Assets | 1, 13 & 33 | (264262) | (460950) |
| | Decrease (Increase) in Capital Work in Progress | 1 | (68910) | 35666 |
| | (Increase)/Decrease in Investments | 2 & 9 | (3158) | 3099 |
| | Interest/Dividend Income | Recon-4 | 9942 | 9375 |
| | Other Non Current Asset-Capital Advance | 5 | 44970 | 100388 |
| | NET CASH GENERATED FROM INVESTING ACTIVITIES (B) | | (281418) | (312423) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | |
| | Gross Proceeds from Borrowing | 18 & 24 | 180859 | 155710 |
| | Repayment of Borrowing | | (76634) | (35516) |
| | Proceeds from Share Capital & Share Application Money & reserves | Recon-5 | 11500 | (0) |
| | Proceeds from Consumers contribution & capital subsidy | 17 | 193453 | 152753 |
| | Interest & Financial Charges. | Recon-6 | (154093) | (128497) |
| | NET CASH GENERATED FROM FINANCING ACTIVITIES (C) | | 1,55,085 | 1,44,450 |
| | NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C) | | 1,845 | (12,256) |
| | CASH and CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 52014 | 64270 |
| | CASH and CASH EQUIVALENTS AT THE END OF THE YEAR | 8 | 53,859 | 52,014 |



| Reconciliations | | Rs. In Lakhs | |
|---|------------------|--------------|----------|
| Reconciliation-1 on Net Profit/(Loss) Before Taxation | Note | 2021-22 | 2020-21 |
| Total Comprehensive Income | | 6837 | 4805 |
| Provision for income tax on post employment benefit obligation | Statement of P/L | 0 | 0 |
| Current Tax | | 2425 | 2204 |
| Net Profit/(Loss) Before Taxation | | 9262 | 7009 |
| | | | |
| Reconciliation-2 on Interest and Finance Charges | Note | 2021-22 | 2020-21 |
| Finance Cost | 36 | 177651 | 159404 |
| Interest on Consumer Security Deposit | 36 | (25513) | (22829) |
| Transaction Cost on Capital Bond | 36 | (17) | (17) |
| Interest accrued on liability for purchase of power & Notional Interest on Govt. Loan | 36 | (7161) | (4869) |
| Interest accrued on liability for capital supplies/works | 36 | (1826) | (2585) |
| Interest and Finance Charges | | 143133 | 129104 |
| | | | |
| Reconciliation-3 on Bad & Doubtful Debts Provision and Expected Credit Loss | Note | 2021-22 | 2020-21 |
| Provision for bad and doubtful debt | 38 (D) | 5840 | 4590 |
| Provision for expected credit loss | | 670 | 476 |
| Bad & Doubtful Debts Provision and Expected Credit Loss | | 6510 | 5066 |
| | | | |
| Reconciliation-4 on Interest/Dividend Income | Note | 2021-22 | 2020-21 |
| Interest from bank on fixed deposit and other deposits | 33 | 880 | 1,272 |
| Interest accrued on non current Transmission Liability | 33 | 7,161 | 4,250 |
| Interest accrued on non current Capital Liability | 33 | 1,826 | 2,343 |
| Accrued Income-Opening | 11 | 1,868 | 3,377 |
| Accrued Income-Closing | 11 | (1792) | (1868) |
| Interest/Dividend Income | | 9942 | 9375 |
| | | | |
| Reconciliation-5 Proceeds from Share Capital & Share Application Money and Reserves | Note | 2021-22 | 2020-21 |
| Difference of Opening and closing Equity Share Capital | 15 | 11,500 | - |
| Reserve for unforeseen exigencies-DPL (Retained earnings NTECL) | 16 | - | - |
| Share pending allotment | 16 | - | - |
| Proceeds from Share Capital & Share Application Money and reserves | | 11500 | 0 |
| | | | |
| Reconciliation-6 Interest & Financial Charges. | Note | 2021-22 | 2020-21 |
| Interest & Financial Charges as per reconciliation-2 | Recon-2 | (143133) | (129104) |
| Accrued Expenses-Opening | 27 | (47397) | (46790) |
| Accrued Expenses-Closing | 27 | 36437 | 47397 |
| Interest & Financial Charges. | | (154093) | (128497) |

This is the Cash Flow Statement referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/E300029
LLP No: AAM-2652

(H K DATTAY)
Partner
Membership No. 012208
UDIN: 22012208A/SWXT7132
Place: Kolkata
Date: 27th May 2022

(K.K.Ghosh)
Chief Financial Officer

For & on behalf of the Board
Aparna Biswas
(Aparna Biswas)
Company Secretary
Membership No: F8886

(Santanu Basu)
Chairman & Managing Director
DIN:07218581

| Statement of Changes in Equity For the period ended 31st March 2022 | | | | | |
|---|---------------------|-----------------------------------|------------------------------|-------------------|----------|
| (Rs. in lakhs) | | | | | |
| A. Equity share capital | | | | | |
| As at 31st March 2020 | | | | | 2,36,589 |
| Changes in equity share capital | | | | | - |
| As at 31st March 2021 | | | | | 2,36,589 |
| Changes in equity share capital | | | | | 11,500 |
| Balance at 31st March 2022 | | | | | 2,48,089 |
| | | | | | |
| B. Other Equity | | | | | |
| Particulars | Reserve and Surplus | | | | Total |
| | Power Purchase Fund | Reserve for Unforeseen Exigencies | Debenture Redemption Reserve | Retained Earnings | |
| | (Rs. in lakhs) | | | | |
| Balance at 31st March 2020 | - | 15,821 | 14,116 | 343 | 30,280 |
| Profit for the year | | | | (19,020) | (19,020) |
| Other comprehensive income | | | | 23,825 | 23,825 |
| Total | - | 15,821 | 14,116 | 5,149 | 35,086 |
| Transfer to debenture redemption reserve | - | - | 1,667 | (1,667) | - |
| Retained earnings of NTESCL merged during the year | - | - | - | - | - |
| Reserve for Unforeseen Exigencies | - | 52 | - | (52) | (0) |
| Balance at 31st March 2021 | - | 15,873 | 15,783 | 3,429 | 35,086 |
| Loss for the year | | | | (20,537) | (20,537) |
| Other comprehensive income | | | | 27,374 | 27,374 |
| Total | - | 15,873 | 15,783 | 10,266 | 41,922 |
| Transfer to debenture redemption reserve | | | 1,667 | (1,667) | - |
| Written Back of Unforeseen Exigencies | | (104) | | 104 | - |
| Power Purchase Fund (As per APR order 2013-14) | 371 | | | (371) | - |
| Balance at 31st March 2022 | 371 | 15,769 | 17,450 | 8,332 | 41,922 |

This is the Statement of Changes in Equity referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/E300029
LLP No: AAM-2019-000000000000

(H K DATTA)
Partner
Membership No. 012208
UDIN: 22012208AJSWXT7132
Place: Kolkata
Date: 27th May 2022



(K. Ghosh)
Chief Financial Officer

Aparna Biswas.
(Aparna Biswas)
Company Secretary
Membership No: F8886

(Santanu Basu)
Chairman & Managing Director
DIN: 07218581

For & on behalf of the Board



J. Gupta & Co. LLP

Chartered Accountants

YMCA Building

Mezzanine Floor

25, Jawaharlal Nehru Road

Kolkata – 700 087

☎ : (033) 40074539

Email : jgupta.co.ca@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of West Bengal State Electricity Distribution Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of West Bengal State Electricity Distribution Company Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2022, the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity, the standalone Statement of Cash Flows for the year ended on that date, and notes to the standalone Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements



that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

1. Note 14.6 read along with Note 54 of the Standalone financial Statements relates to the managements evaluation of risk associated with regulatory deferral account debit balance in view of issuance of Annual Performance Review (APR) orders for FY 2013-14 to 2017-18 where the regulator admitted Rs 4,68,682 lakhs and Rs.344644 lakhs (which includes Rs 255660 lakh on account of non-payment of liabilities owing to Terminal benefit fund of its employees and Rs 88,984 lakhs for other matters) has been withheld pending certain compliances against claim of Rs.11,90,153 lakhs. Therefore, the balance Of Rs 376827 lakhs was disallowed out of which Rs 93239 lakhs has been considered in the books of Accounts and balance of Rs 2,83,588 lakh being Carrying Cost has not been provided for in the books of Accounts as the matter is pending before APTEL.
2. APR orders from 2013-14 to 2017-18 has been issued during the year by WBERC where regulator admitted Rs 468682 lakh. Out of this admitted amount, Rs 462498 lakhs was accommodated in the Tariff order for 2018-19 to 2021-22 which has been issued without any noticeable increase in average Tariff which has remained stagnant for last 5 years. While determining the ARR for the above periods , Regulator kept the uncontrollable expenditures like Average power purchase cost (which has increased significantly in last 5 years) at lower levels to accommodate the admitted regulatory Assets. Thus such Tariff structure does not truly reflect the cost of supply and this additional cost incurred by the Company will come up again in the form of further accumulation of Regulatory Assets. Hence there is no concrete resolution roadmap for piling regulatory assets, in consonance with WBERC.



3. The Hon'ble Supreme Court vide order dated 11.05.2022, wherein the order dated 17.09.2021 of the Calcutta High Court was upheld. The employees were being paid Dearness Allowance (DA) at Central Government rates till January, 2016. However, from February, 2016 to June, 2019, DA was paid @125% of the basic pay and from July 2019 to Dec, 2019, DA was paid @135% of the basic pay. The Calcutta High Court held that Rule 9 of the Revision of Pay and Allowances Rules, 2009 (ROPA) confers a right to the employees to be paid DA at Central Government rates. Accordingly, provision has been made for the differential amount from February, 2016 to December, 2019 amounting to Rs.17718 lakhs and Rs. 16694 lakhs in respect of current and retired employees respectively and interest @10% thereon amounting to Rs. 6346 and Rs.6005 lakhs respectively. No provision has been made in respect of the period from January, 2020 in terms of ROPA 2020.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| SI No. | Particulars |
|--------|---|
| 1 | Key Audit Matter |
| | Abnormal AT&C Losses: The Company has been witnessing theft of electricity in some geographical locations, the reasons of which is socio-economic. Due to this, the AT&C losses at some locations have been to the tune of even more than 90%. This also accounts for the major reasons for the under-recovery of the cost of electricity purchases, which is claimed with Tariff Regulatory Authority and disclosed at Receivables as Regulatory Tariff. The entity recognises the revenue on the basis of the quantity of electricity identified to have been distributed to the individual customer. The quantity is distributed from a facility (substation/ transformer) to a group of customers. However, the billed quantity is lower than the quantity consumed/distributed. As per the prescribed procedure, such deficit in billed revenue |



| | |
|----------|---|
| | is claimed through tariff mechanism prescribed by the Regulatory Authority through the increase in tariff rate to be recovered in subsequent periods from the customers and /or grants from the State Government. The amount so recoverable in subsequent years is recognized as income and the same is disclosed as assets till the same is recovered. The entity estimates that there is reasonable certainty in such recovery although recovery in respect of 5-6 years remains unrealised. Such deficit in billed revenue varies widely ranging from roughly 70% to 3% from one division to another division, with similar technical parameters of the distribution facilities. |
| | Auditor's Response |
| | We have reported the matter in Item 3(b) of our Report in Annexure A on Internal Financial Control. |
| 2 | Key Audit Matter |
| | Particulars of Property, Plant and Equipments (PPE) require a thorough review as regards to Location, cost booked, deductions and identification. Depreciation and the Capital Work in Progress (CWIP) includes some items for which particulars of the asset represented by the asset code and in the case of CWIP, the age-wise details of assets needs to be analyzed. Reconciliation of land as per PPE with the title documents needs to be made. |
| | Auditor's Response |
| | The Auditee had made efforts to streamline the matter through Asset Management Cell and like last year has assured to provide full information in the following year. |
| 3 | Key Audit Matter |
| | The Company has received substantial grants from Government for various projects. There are underlying conditions about the manner of utilization of funds and the manner to keeping the unutilized funds pending utilization. The unutilized State Government funds and Loans for long term projects have been deposited in Cash Credit Account to reduce the outstanding balances thereof. Further, the unutilized funds have been kept in Fixed Deposits with Scheduled Banks, which have been pledged with those banks as security against Short Term Loans availed from them. |
| | Auditor's Response |
| | The facts have been considered in the Audit Report. |
| 4 | Key Audit Matter |



| | |
|--|--|
| | <p>We draw attention to Note 40 read with note 14 of the standalone financial statements, wherein the Company has booked revenue as recoverable by way of Tariff Mechanism. Such recoverable amount stands at Rs1833017 lakhs as on 31.03.2022. The recovery through Tariff Mechanism has not been commensurate with the revenue so booked resulting in the increasing amount of recoverable amount. Though the Truing up orders up to 2017-18 has been issued during the year, yet there is accumulation of recoverable amount of Rs 1833017 lakh. Had this revenue been not booked, the financial position for those years would have resulted in loss. In view of the poor recoverability of such amount, the Company is increasing its borrowings, which may not be sustainable.</p> |
| | <p>Auditor's Response</p> |
| | <p>We have understood that as the Auditee's business is Rate-Regulated, thus the amount is recoverable only through the order from the Regulator as per Regulatory framework in the normal course of Business. However since there has been repeated disallowances on several fronts like disallowance of fixed cost and Carrying cost, the same is likely to have an adverse impact on the profitability of the Company infuture.</p> |

Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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



Responsibility of Management and Those Charged With Governance for the Standalone Financial Statement.

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of state of affairs, profit and loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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



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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and



- (ii) to evaluate the effect of any identified misstatements in the financial statements.

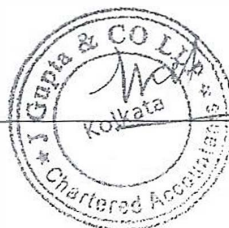
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other 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 were taken into account without verification and do not correspond to its realisable value as stated by the earlier auditors. Such amounts still outstanding and/or unrealized and/or unpaid, as it appears in these accounts, have not been indicated.
- 2) On examination of the books it was discovered that there is a huge amount of Capital Advance(for both capital works and O&M works) lying with an unassigned vendor of Rs 317.29 lakhs from a long period of time, we doubt on realisability of the amount or appropriation of it in the specific ,if performed.



3) The accumulated balance of Regulatory Assets at the end of the year is Rs.18,33,017Lakhs (Refer to Note No.-14) which includes :

| Sl No. | Nature of Claim | Amount (In Lakhs) |
|--------|---|-----------------------|
| 1. | APR & FPPCA from F.Y. 2014-15 to 2020-21 & F.Y. 2021-22 (Projected) | 1,82,6952 |
| 2. | Loss Incurred for taking over of SingurHaripal Electric Co-operative Society Ltd. (SHRELCOP) Period F.Y. 2010-11. | 6,065 |
| | Total | 18,33,017 |

The above table shows a huge accumulation of regulatory assets as on 31.03.2022. It has been informed that the matter has arisen primarily due to delay in issuance of Tariff orders, Pending APR orders and decision of APTEL.

- 4) The process of getting confirmation of Bank Guarantees as on 31-03-2022, from the issuing bank, is still in progress. Out of Rs 2633.22 Crores of Bank Guarantees, the company has obtained Confirmation of Rs 1317.71 Crore. The impact of non receipt of balance confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.
- 5) Confirmation of balances are not available in many cases from the 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.
- 6) Outstanding Trade Receivables balance excluding those for Electricity Duty on account of sale of power as on 31.03.2022, amounting to Rs 477024 lakhs after considering allowances for bad and doubtful debts, is not adequately supported with secured documents and therefore the recoverability for the same appears doubtful . No provisions have been made in this respect as in the opinion of the Company efforts are still being made for recovering these dues. (Refer Note No -7)



- 7) On account of security deposit backed by each sector i.e. Bulk, L&MV for both Government and Non-Government (disconnected), for debtors having outstanding balance for more than 36 months. It has been observed that there were huge balances for Non-Government debtors having outstanding balance for more than 36 months amounting to Rs.134652 Lakhs with security deposit of Rs.9740 Lakhs, whose collectability cannot be ascertained at present.
- 8) Materials valuing Rs 1310 lakhs received from vendors awaiting inspection are not duly accounted for in books of accounts as disclosed in Note No.6.6 to the Note on accounts.
- 9) The obligation of the company towards Corporate Social Responsibility amounts to Rs 149 lakhs and the Company has sanctioned an amount of Rs 146 lakhs on various eligible CSR programs /projects. Out of which

| REMARKS |
|--|
| Rs 69 Lakhs has already been spent in various projects in the current financial year(2021-22). |
| Rs 72 Lakhs has been transferred to unspent CSR A/c as per section 135(6) of Companies Act, 2013. |
| Rs 8 Lakhs is yet to be transferred. Which as per management's representation, will be transferred by September,2022. |

(Refer Note No-39)

- 10)"Land" as appearing in Note 1 of PPE includes both freehold and lease hold land, as per last year's audit report. 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.
- 11)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.2561 Lakhs 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.18.5).



- 12) Confirmation of loan balance from Rural Electrification Corporation Ltd. for Rs.10,323 Lakhs was not available. 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. (Refer Note No. 18.15)
- 13) Other non-current assets includes unadjusted debit balances in inter-unit accounts for Rs.15,000 Lakhs. It is stated that this amount is appearing in accounts since the inception of the company. (Refer Note No. 5.4).
- 14) Other non-current assets includes unadjusted debit balances in commitment advance account for Rs. 120 Lakhs. Such an amount is appearing in accounts since long period and there not future recoverability with reference to the booked amount (Refer Note No. 5.2)
- 15) Confirmation of loan balance from Power Finance Corporation Limited A/c RAPDRP amounting to Rs. 11737 lakhs was not available.
- 16) Ageing analysis of Loans and Advances to Staff could not be provided with complete accuracy. It is clarified by management that such ageing could not be extracted from the SAP-ERP systems due to several open items in the ERP system for which settlement is still in process.
- 17) There is difference in the deposits with Power Exchanges where the figure as per books of accounts stood at Rs.19.70 Crores whereas as per confirmation obtained, the balance is at Rs. 17.95 Crores.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that :

- a) We have sought and obtained all the information and explanations (except on Note:35.3) 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 standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income, standalone Statement of Changes in Equity and the standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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) The provisions of Section 197(16) of the Companies Act, 2013 regarding Directors Remuneration is not applicable to the Company as per Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :

- i. The Company has Long Term Contracts for power purchase and sale. It has been explained to us that material loss cannot be foreseen on such contracts and the company does not have any derivative contract.
- ii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. 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- C" a statement on the matters specified in the said directions and sub directions. We have reported in terms of CAG letter as applicable for 2020-2021 due to non receipt of the same for the year 2021-2022.

Kolkata,
May 27, 2022

For J GUPTA & CO. LLP
Chartered Accountants
FRN:314010E/E300029



H K Datta
Partner
Membership Number: 012208
UDIN: 22012208AJSWXT7132

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of the Independent Auditors’ Report of even date to the Members of West Bengal State Electricity Distribution Company Limited on the standalone financial statements as of and for the year ended March 31, 2022)

Report on the Internal Financial Controls Over Financial Reporting 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 of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.

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.



Modified Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2022, 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, except as detailed below:

(1) Non-maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company. In this respect, we have the following observations:

- a) Some particulars of the Property, Plant and Equipments (PPE) are not available.
- b) A document on the Policy and Procedures in Internal Financial Control as submitted by the appointed consultant of the Company is yet to be implemented across the Company. The Internal Control System and Environment is under implementation and would be subjected to review by the Audit Committee. The responsibilities of the Audit Committee 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. Details of 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, were not furnished adequately to us regarding adherence of following aspects of Internal Financial Control:
 - i) Risk Identification
 - ii) Internal Control instituted for mitigation of identified Risks
 - iii) Review of the efficiency in the operation of Internal Controls
 - iv) Modifications of the Internal Control System consequent to review of its operations



- (2) Pertaining to reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, there have been gaps in foolproof evidence of compliance of following issues pointed out during the year under review:
- (a) Capital Advances in Note 5 and O&M advances in Note 12 include material lying with contractors for which, there is no information available as to the condition and present status. However in most cases vendor confirmation are not made available to us.
 - (b) The Secured Sundry Debtors disclosed in Note 7 on Trade Receivables amounting to Rs.157339 lakhs could not be verified as secured against the corresponding Security Deposit from Consumers appearing in Note No. 20.1 Rs.481482 lakhs and in Note No. 26 Rs.14748 lakhs. Further, the Security available is not sufficient to cover the outstanding balances and as such disclosure as Secured Sundry Debtors is not factually correct to that extent.
- (3) In the matter of providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements, we have following observations:
- a) Physical verification of fixed assets has not been done properly, except for bidhanagar division.
 - b) The entity recognizes the revenue on the basis of the quantity of electricity identified to have been distributed to the individual customer. The quantity is distributed from a facility (substation/ transformer) to a group of customers. However, the billed quantity is substantially lower than the quantity consumed/distributed. As per the prevailing practice, such deficit in billed revenue is claimed through tariff mechanism prescribed by the Regulatory Authority through the increase in tariff rate to be recovered in subsequent periods from the customers and /or grants from the State Government. The amount so recoverable in subsequent years is recognized as income and the same is disclosed as assets till the same is recovered. The entity estimates that there is reasonable certainty in such recovery although recovery in respect of 5-6 years remains unrealized. Such deficit in billed revenue varies widely ranging from roughly 70% to 3% from one division to another division, with similar technical parameters of the distribution facilities. The Company has stated that adequate steps have been taken for identification of cases of delinquency, lodging of FIRs, raising the assessment bills and realization thereof and also organizing Pariseba Mela. Moreover, AB Cabling and replacement of defective meters have been done during the year. However, the assessment bills raised are negligible compared to the quantum of deficit as stated above. As such, there are no substantive measures taken to mitigate such delinquency.



c) Observation Relating to Different Projects:

The Company receives substantial grants from Government for various projects. There are elementary conditions about the manner of utilization of funds. Any deviation in such utilization attracts scrutiny.

We have noticed that expenses towards the payment for Construction of Bay to WBSETCL amounting to Rs 3555 lakhs as recorded in finance function has not been confirmed with component wise utilizations thereof by the respective Engineers in charge.

As regards other long term projects, the reconciliation of Fund Statement shows that the unutilized funds out of the State Government Grant received have been deposited in Cash Credit Account to reduce the outstanding balances thereof.

d) The company issues inventories to its contractors for various project works disclosed as Inventory Lying with third party in Note 6.5. Total amount of inventories for Rs.25191 Lakhs was lying with the contractors as on 31st March, 2022. Intimation for balance confirmations have been issued for such materials lying with third parties.

e) The company sought to improve the Internal Financial Control of the company during the year under review in view of previous years modified comment of the Statutory Auditors. The consultant was appointed for the purpose in terms of company's letter of engagement reference dated 27/01/2020. The consultant in its Advisory Report dated 27th November 2020 on Internal Controls Over Financial Reporting Identified 174 numbers of Risk & Controls points of which there are gaps in 28 number of points including those falling in the category of High/Medium Risk numbering 18 numbers. The Company is in the process of taking appropriate actions to mitigate these points supported by the confirmatory reports from the designated officers responsible for each control points and has been making efforts to deal with a number of risk control points. During the year Company took action on 6 Risk & Controls points where there were gaps as per IFCoFR matrix.

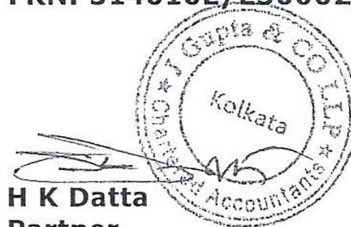
f) Non-adherence to terms of floating tender: During the year, the internal audit department floated tender to appoint Chartered Accountant firms, but could appoint only 2 firms, while 13 other firms denied the appointment and disputed the manner of fixing the remuneration based on firstly overall L1 criteria in totality and thereafter revising again manpower quality based L1 quotation within the total L1, which appropriately was not as per tender documents. Internal Audit, being one of the most important systems necessary to keep watch on the activities of the organisation, this has been allowed to suffer on flimsy and insignificant reasons. Management review, if any, on such Tender Conditions resulting in rejection of most of the



firms, have not been furnished resulting in under coverage of audit areas by the Internal Audit Department.

However We have maintained reservation on the issue for lack of adequate improvement on such control over previous year. We maintain the same modified opinion of the internal financial control in respect of the company.

For J GUPTA & CO.LLP
CharteredAccountants
FRN: 314010E/E300029



H K Datta
Partner
MembershipNumber:012208
UDIN: 22012208AJSWXT7132

Kolkata,
May27, 2022.

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of West Bengal State Electricity Distribution Company Limited of even date)

(i) (a) In respect of the Company's fixed assets :

(A) The Company has not maintained proper records showing full particulars, including quantitative details, quantity, identification, location field and situation of fixed assets. Insufficient particulars have been maintained in the PPE register. Location, Quantity, Physical verification particulars, Major Cost Elements, Supplier/Contractor, Identification Details, Government Grant and Consumer Contribution have not been mentioned in the PPE Register for some of the items.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program for annual physical verification of Property Plant Equipment departmentally on yearly basis. However the same appeared very much inadequate considering the size of the organization and exposure of the assets to risk. The Company has undertaken the physical verification for one of its Accounting units i.e. Bidhannagar Division-I on Pilot project basis for which discrepancy is not material.

Safety, Security and Condition of the Fixed Assets: The Company is having a large network of the cables for transmitting the power from sub-stations to transformers and again to the consumers, apart from other assets, particularly, land etc. acquired as legacy from the erstwhile WBSEB, which needs to be identified and condition recorded periodically, which is lacking at present. Apart from this, there are regular repairs, maintenance and major overhauling of the existing assets, which are replaced with similar new assets and which generate huge disposable scrap. Similar efforts also needs to retire the costs associated with old assets and capitalise new assets. Prescribed procedure to record the date, time, person's name and asset condition in respect of the assets verified. Details of the laid down procedure to account for such events, like debiting the new assets, retiring the old assets and recording the scrap generation are needed.



(c) Title / Lease deeds in respect of Land

I. As per information provided to us, with respect to title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), out of total 3429.25 Acre of land, Titled deeds are not available for 3115.21 Acres. In the audited accounts for FY 2017-18, there was an observation of the auditors was that, "all the Title Deeds were 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."

| District | Description of Property | Gross Carrying Value | Held in the Name of | Whether promoter, director or their relative or employee | Period held | Reason for not being in the name of the Company | Sum of Area(in acre) |
|-------------------|-------------------------|----------------------|--|--|---|--|----------------------|
| Alipurduar | Freehold Land | 150000 | Land acquired for Electricity Dev. Deptt. and taken over from erstwhile Electricity Supply Companies | No | WBSEDCL is in legal possession of the land since erstwhile WBSEB period starting from 1955 over the period there have been additions/ further acquisitions through Govt. of WB. | Vested land was transferred to WBSEB / WBSEDCL from erstwhile Electricity Supply Companies under the directives of Govt. of WB for which company is in legal possession. | 6.90 |
| Bankura | | 4760695.2 | | | | | 53.50 |
| Birbhum | | 1531166.58 | | | | | 27.44 |
| Coochbehar | | 10023334.01 | | | | | 33.17 |
| Dakshin Dinajpur | | 769324.48 | | | | | 17.90 |
| Darjeeling | | 44117453.02 | | | | | 833.43 |
| Hooghly | | 366284 | | | | | 13.62 |
| Howrah | | 14258111.25 | | | | | 34.76 |
| Jalpaiguri | | 10801205.96 | | | | | 53.82 |
| Jhargram | | 4724733.28 | | | | | 12.57 |
| Kalimpong | | 2937285.79 | | | | | 220.70 |
| Malda | | 9232278.54 | | | | | 29.37 |
| MSD | | 13315933.06 | | | | | 47.64 |
| Nadia | | 15886390.04 | | | | | 55.58 |
| North 24 PGS | | 29950695.36 | | | | | 125.75 |
| Paschim Burdwan | | 1531783.98 | | | | | 28.66 |
| Paschim Medinipur | | 15617485.87 | | | | | 57.72 |
| Purba Burdwan | | 3648416.14 | | | | | 61.93 |
| Purba Medinipur | | 23722768.48 | | | | | 45.47 |
| Purulia | | 11013525 | | | | | 1044.04 |
| South 24 PGS | | 22014531.67 | | | | | 71.40 |
| Uttar Dinajpur | | 18243912.58 | | | | | 239.84 |
| Grand Total | | 258617314.3 | | | | | 3115.21 |

II. We have been furnished with a district wise list of land mentioning the measurement along with value. In the absence of the details of the title deeds for many parcels of land, the list could not be verified from the Asset Register and the books of accounts. As reflected in previous years accounts, no improvement whatsoever has been noticed during the year under review.



| Nature of Land (Acres) | Distribution | Generation | Total | Deed Executed | Deed pending to be executed |
|--|---------------|-----------------------|---------------|---------------|-----------------------------|
| Leasehold | 266.61 | 1472.83 | 1739.44 | 107 | 191 |
| Freehold-Acquired | 754.92 | 1229.63 | 1984.55 | Not Available | Not Available |
| Freehold-Purchased | 88.59 | 16.69 | 105.28 | 63 | 27 |
| Freehold-Inherited from Ex-Licensee | 36.05 | 0 | 36.05 | Not Available | Not Available |
| Freehold-Gift | 55.3 | 0 | 55.3 | 62 | 15 |
| Others-Acquired-Forest Land | 0 | 921.87 | 921.87 | Not Available | Not Available |
| Others-Acquired-Non-Forest Land | 0 | 0 | 0 | Not Available | Not Available |
| Others | 224.14 | 102.06 | 326.2 | 0 | 0 |
| Land for which no documentation is available | Not Available | Not Available | Not Available | Not Available | Not Available |
| Total | 1425.61 | 3743.08 | 5168.69 | 232 | 233 |
| Land transferred to WBSETCL | 52.13 | Permissive Possession | | | |

III. As per accounts and Asset Register, the value of land in Note 1 of PPE appears as below. These are required to be reconciled by the company and were pending till the date of report.

| Asset | Nature | 31-03-2022 Nos. | 31-03-2022 Rs/Lakh | 31-03-2021 Nos. | 31-03-2021 Rs/Lakh |
|-------|-----------|--------------------|-----------------------|--------------------|-----------------------|
| PPE | Leasehold | 162 | 4522 | 158 | 4285 |
| | Freehold | 630 | 9174 | 623 | 8716 |
| | Total | 792 | 13696 | 781 | 13001 |
| CWIP | Leasehold | 3 | 72 | 3 | 72 |
| | Freehold | 13 | 227 | 10 | 298 |
| | Total | 16 | 299 | 13 | 370 |
| Total | Leasehold | 165 | 4594 | 161 | 4357 |
| | Freehold | 643 | 9473 | 633 | 9014 |
| | Total | 808 | 13995 | 794 | 13371 |



- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year
- (e) No proceedings have reported to be initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder as certified by the management.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the management. However frequency of such verification is not reasonable for high value materials. The value of discrepancy, wherever determined, was less than 10% for each class of inventory and was not material and has been properly dealt in the books of accounts. In our opinion, the coverage and procedure of such verification by the management is not appropriate.
- (b) During the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. There is a gap in the quarterly returns or statements filed by the company with such banks or financial institutions with the books of account of the Company and reasons for the same as explained by the management is disclosed in Note No.24.5. The details are as follows:

Statements (Quarterly) of Current Assets filed with Banks/FIs for Borrowings, Current Asset Balances

| Particulars | Current Assets (Rs. In Lakhs) | | | |
|------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Quarter ended on 30.06.2021 | Quarter ended on 30.09.2021 | Quarter ended on 31.12.2021 | Quarter ended on 31.03.2022 |
| Sundry Debtors and Inventory | 6,96,195 | 7,01,286 | 7,09,373 | 4,19,136 |
| Current Regulatory Assets | 14,87,080 | 14,87,080 | 15,51,914 | 19,58,057 |
| Total | 21,83,275 | 21,88,366 | 22,61,287 | 23,77,193 |

Statements (Quarterly) of Current Assets as appear in Quarterly Books of Accounts

| Particulars | Current Assets (Rs. In Lakhs) | | | |
|------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Quarter ended on 30.06.2021 | Quarter ended on 30.09.2021 | Quarter ended on 31.12.2021 | Quarter ended on 31.03.2022 |
| Sundry Debtors and Inventory | 4,42,701 | 5,10,608 | 5,38,641 | 3,90,420 |
| Current Regulatory Assets | - | - | - | - |
| Total | 4,42,701 | 5,10,608 | 5,38,641 | 3,90,420 |



- (c) **Material lying with third parties:** We have been suggesting that the material lying with third parties with each vendor, which are disclosed as Inventory, needs to be accounted for as Priced Inventory Records, treating each vendor as separate location and each contract as sub-location, without which the inventory management and controls may not be feasible to be applied to address the risk of over-issue of the material and non-return of surplus material.
- (iii) During the year Company has not made investments in, provided any guarantee or security or granted any loans and advances in the nature of loans, secured on unsecured to companies, firms, Limited Liability Partnerships or any other parties, hence reporting under clause 3(iii) of the order is not applicable.
- (iv) 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.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2022 and therefore, the provisions of the clause (v) of the Order are not applicable to the Company.
- (vi) 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.
- (vii) According to the information and explanations given to us, in respect of statutory dues :
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Sales Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2022 on account of dispute are given below



| Sl No | Name of the Statute | Nature of Dues | Amount (Rsin Lakhs) | 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. | 3570 | 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. | 1278 | Various years from 1991-2002 | 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 Taxes | | 43 | 2012-13 to 2018-19 | Different Municipalities |
| 7 | Income Tax Act'1961 | Income Tax Demand | 107 | 2007-08 to 2019-20 | ITO under respective jurisdiction . |
| 8 | Income Tax Act'1961 | Income Tax cases erstwhile West Bengal Rural Energy development Corporation Limited | 375 | From A.Y- 2001-02, 2003-04 and 2004-05. | Disputed addition of income for those years pending at ITO |
| | Total | | 6801 | | |



With respect to figures as stated in SIno. 1, 2 , 3& 4 above, no adequate evidence were available with the company.

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

(ix)

(a) According to the information and explanations given to us and the records examined by us, the company has defaulted in payment against the Government Guaranteed Pension Trust Bond 2016 to the extent of Rs.117300 lakhs which was payable within 31.03.2022.

| Nature of Borrowing, incl Debt Securities | Name of the Lender | Amount not paid on due date (Rs in lakh) | Whether principal or interest | No. of days Delay or unpaid | Remarks if any |
|---|--------------------------|--|-------------------------------|-----------------------------|---------------------|
| 8.5% Pension Trust Bonds 2016 | WBSEB Pension Trust Fund | 117300 | Principal | 1 year to 4 years | Default in payment. |

(b) The Company has not been declared "wilful defaulter" by any bank or financial institution or government or any government authority.

(c) The Company has taken term loans during the year and it were not utilized for the purpose for which loans were obtained. The unutilized State Government funds for long term projects have been deposited in Cash Credit Account to reduce the outstanding balances thereof. Further, the unutilized funds have been kept in Fixed Deposits with Scheduled Banks, which have been pledged with those banks as security against Short Term Loans availed from them. The long term borrowing for Capex for Rs.29309 lakhs, has been used for working capital purposes, i.e., long term funds were used for short term purposes.(Refer note-24.6)



- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, been used for long-term purposes by the Company, e.g., Rs.173896 lakhs out of working capital borrowing has been used for capex (Refer note-24.6). Some of the Capital Projects undertaken by the Company are funded partially by the Company's sources (Project Loan) and major portion through funding from State/ Central Govt. In many such projects, expenditure were incurred on reimbursable basis and there were delay in receipt of fund which was matched through working capital funds.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on pledge of securities held in its held in its subsidiaries, joint ventures or associate companies.

(x)

- (a) Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) The Company has made private placement of shares during the year to Power Department of Government of West Bengal to raise funds for additional Capital requirement for the projects, sanctioned by the Government of West Bengal as per provisions of section 62 of the Companies Act,2013. The requirements of Section 42 of the Companies Act, 2013 have been complied with some lapses, rectified subsequently, and the funds raised have been used for the purposes for which the funds were raised.

(xi)

- (a) The management has informed us that there were 6 (Six) cases of fraud/ misappropriation of company's fund to the extent of Rs118 lakhs by its employees and officers.
- (b) No report under ADT-4 as per sub -section (12) of Section 143 of the Companies Act has been filed by the Auditors as prescribed under rule-13 of Companies(Audit &Auditors), Rules2014 with Central Government.



(c) No whistle blower complaint has been received by the Company during the year (and upto the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) Internal Audit

(a) Though the Company has an internal audit system in place, but the same is not commensurate with the size and nature of its business.

(b) We have considered the reports of the internal auditors for the year under audit.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) NBFC Registration

(a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.


(xviii) There has been no resignation of the statutory auditors of the Company during the year, hence reporting under clause 3(xviii) is not applicable.



- (xix)** On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, and based on our examination of the evidence supporting the assumptions, we are of the opinion, which causes us to believe that no material uncertainty exists as on the date of the audit report which indicates that Company may not be able of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We are not aware of the Board of Directors and Managements plan in this regard. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)** Corporate Social Responsibility
- (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) Rs 72,25,197 remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant ongoing projects, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act.
- (xxi)** The Consolidated Financial Statements have been prepared based on unaudited Financial Statement of Joint Venture Company and Audited Financial Statements of WBSEDCL. Hence we are unable to comment about the qualifications or adverse remarks as required under Clause 3(xxi).

Kolkata,
May 27, 2022

For J GUPTA & CO.LLP
Chartered Accountants
FRN: 314010E/E300029


H K Datta
Partner

Membership Number: 012208
UDIN: 22012208AJSWXT7132

**IN TERMS OF CAG DIRECTIONS/SUBDIRECTIONS AS APPLICABLE FOR 2020-2021 DUE TO
NON RECEIPT OF THE SAME FOR THE YEAR 2021-2022**

Annexure 'C' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of West Bengal State Electricity Distribution Company Limited of even date)

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

I. Accounting through IT System.

Direction: Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated?

Observations: Company has adequate system to process all accounting transactions through IT System. The company prepares the Financial Statements from the data extracted from SAP-ERP using T-Code F.01

II. Waiver/Write-off of debts/loan/interest.

Direction: Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Observations: The company has defaulted in payment against the Government Guaranteed Pension Trust Bond 2016 to the extent of Rs.117300 lakhs which was payable within 31.03.2022.

III. Utilization of funds received/receivable

Directions: Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Observations: The Company receives substantial grants from Government for various projects. There are underlying conditions about the manner of utilization of funds and the manner to keeping the unutilized funds pending utilization. The unutilized State Government funds and Loans for long term projects have been deposited in Cash Credit Account to reduce the outstanding balances thereof. Further, the unutilized funds have been kept in Fixed Deposits with Scheduled Banks, which have been pledged with those banks as security against Short Term Loans availed from them.



**IN TERMS OF CAG DIRECTIONS/SUBDIRECTIONS AS APPLICABLE FOR 2020-2021 DUE TO
NON RECEIPT OF THE SAME FOR THE YEAR 2021-2022**

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

Sub-direction.Adequacy of steps to prevent encroachment of idle land owned by the company maybe examined. In case land of the company is encroached/under litigation/ not put to use/ declared surplus, details maybe provided.

Observations: As per information provided to us Total 3.9575 Acre of land is under Encroachment for 12 number different locations in the district of North 24 Parganas, South 24 parganas, Birbhum, Burdwan, PurbaMedinipur and Darjeeling Districts. With regards to steps taken to prevent such encroachment no details were furnished by the company.

Sub-direction.Where land acquisition is involved in setting up new projects, report whether settlements of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.

Observations: In cases involving setting up new projects, the Company follows the policy/guidelines issued by the state government and settlement is done accordingly and no apparent deviation could be observed as such.

Sub-direction.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.

Observations: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.

Sub-direction. Report on the efficacy of the system of billing and collection of revenue in the company.

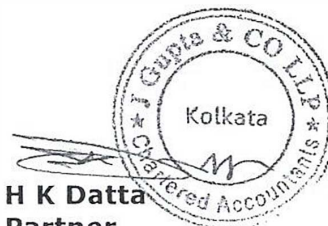


Observation: The company is operating at a billing efficiency which is in the tune of 84.83 %.The low billing efficacy in the state are more noticeable in rural areas. There is huge accumulation of outstanding having tenure more than 1 year. Recoverability of such debtors appears difficult considering the past trend of realization of old outstanding. On the positive side, we noticed a significant increase in digital bill payments by urban consumers.

Sub-direction.How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government; shortfall if any maybe commented.

Observation:As per WBERC Tariff Regulations, any subsidy to any class of consumers, if provided by Govt. of West Bengal, the same should be on upfront basis. However from the past trends it is being observed that though the Company is regularly receiving the booked subsidy as allowed to the Consumers by Govt. of West Bengal, the subsidy is not received on upfront basis. No subsidy is receivable from the Govt of west Bengal as on 31.03.2022.

For J GUPTA & CO.LLP
Chartered Accountants
FRN: 314010E/E300029



H K Datta
Partner
Membership Number: 012208
UDIN: 22012208AJSWXT7132

Kolkata,
May 27, 2022

| WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED | | | | |
|--|-------------------------------------|---------|-----------------------|-----------------------|
| Consolidated Balance Sheet as at 31st March 2022 | | | | |
| Particulars | | Note No | As at 31st March 2022 | As at 31st March 2021 |
| | | | (Rs. in lakhs) | |
| | | | Audited | Audited |
| ASSETS | | | | |
| 1 | Non-Current Assets | | | |
| (a) | Property, Plant and Equipment | (1) | 26,47,340 | 25,66,502 |
| (b) | Capital Work-in-progress | (1) | 2,65,546 | 1,96,636 |
| (c) | Other Intangible Assets | (1) | 5,133 | 4,616 |
| (d) | Financial Assets | | | |
| (i) | Investments | (2) | 437 | 437 |
| (ii) | Trade Receivables | (3) | - | - |
| (iii) | Other Financial Assets | (4) | 2,046 | 1,146 |
| (e) | Other Non-Current assets | (5) | 1,71,669 | 2,16,956 |
| Total Non-Current Assets | | | 30,92,171 | 29,86,293 |
| 2 | Current Assets | | | |
| (a) | Inventories | (6) | 48,476 | 48,586 |
| (b) | Financial Assets | | | |
| (i) | Trade Receivables | (7) | 7,54,669 | 7,14,478 |
| (ii) | Cash and Cash equivalents | (8) | 53,859 | 52,014 |
| (iii) | Bank Balances other than (ii) above | (9) | 91,096 | 87,938 |
| (iv) | Loans | (10) | 1,943 | 1,974 |
| (v) | Other Financial Assets | (11) | 50,882 | 56,521 |
| (c) | Other Current assets | (12) | 10,592 | 12,047 |
| (d) | Assets Classified As Held for Sale | (13) | 336 | 1,620 |
| Total Current Assets | | | 10,11,853 | 9,75,178 |
| Total Assets | | | 41,04,024 | 39,61,471 |
| Regulatory deferral account Debit Balance | | (14) | 18,33,017 | 19,58,057 |
| Total Assets and Regulatory deferral account | | | 59,37,041 | 59,19,528 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) | Equity Share Capital | (15) | 2,48,089 | 2,36,589 |
| (b) | Other Equity | | | |
| (i) | Reserve and Surplus | (16) | 41,962 | 35,125 |
| Total Equity | | | 2,90,051 | 2,71,714 |
| Deferred Government Grants & Consumers' | | | (17) | 19,91,790 |
| | | | | 18,81,192 |
| Liabilities | | | | |
| 1 | Non-Current Liabilities | | | |
| (a) | Financial Liabilities | | | |
| (i) | Borrowings | (18) | 7,45,969 | 7,02,941 |
| (ii) | Trade Payables | (19) | - | - |
| (iii) | Security Deposit from Consumers | (20) | 4,81,482 | 4,34,040 |
| (iv) | Other Financial Liabilities | (21) | 25,799 | 38,068 |
| (b) | Deferred Tax Liabilities (Net) | (22) | - | - |
| (c) | Other Non-Current Liabilities | | | |
| (i) | Provisions | (23) | 40,396 | 41,153 |
| Total Non-Current Liabilities | | | 12,93,646 | 12,16,202 |
| 2 | Current Liabilities | | | |
| (a) | Financial Liabilities | | | |
| (i) | Borrowings | (24) | 8,99,243 | 8,23,263 |
| (ii) | Trade Payables | (25) | 9,60,638 | 11,38,565 |
| (iii) | Security Deposit from Consumers | (26) | 14,748 | 14,733 |
| (iv) | Other Financial Liabilities | (27) | 1,91,438 | 2,32,481 |
| (b) | Employee Benefit Obligations | (28) | 13,912 | 13,665 |
| (c) | Provisions | (29) | 2,29,097 | 2,77,947 |
| (d) | Other Current Liabilities | (30) | 52,478 | 49,766 |
| Total Current Liabilities | | | 23,61,554 | 25,50,420 |
| Total Liabilities | | | 36,55,200 | 37,66,622 |
| Total Equity ,liabilities & Deferred Government | | | 59,37,041 | 59,19,528 |

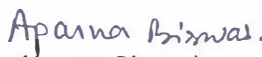
Notes forming part of Consolidated financial statements 1 to 62

This is the Balance Sheet referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/E300029
LLP No: AAM-2652


(H K Datta)
Partner
Membership No. 812208
UDIN: 22012208AJSDI6709
Place: Kolkata
Date: 27th May 2022


(K. K. Ghosh)
Chief Financial Officer


(Aparna Biswas)
Company Secretary
Membership No:
F8886

For & on behalf of the Board


(Santanu Basu)
Chairman & Managing Director
DIN:07218581

| WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED | | | | |
|--|--|---------|----------------|------------|
| Consolidated Statement of Profit and Loss for the period ended 31st March 2022 | | | | |
| Particulars | | Note No | 2021-22 | 2020-21 |
| | | | (Rs. in lakhs) | |
| 1 | Income from Operations | | Audited | Audited |
| (a) | Revenue from Sale of Power | (31) | 25,98,653 | 21,44,760 |
| (b) | Other Operating Revenue | (32) | 68,052 | 54,924 |
| (c) | Other Income | (33) | 1,12,772 | 82,925 |
| | Total Income | | 27,79,477 | 22,82,609 |
| 2 | Expenses: | | | |
| (a) | Purchases of Power, Transmission Charges | (34) | 20,12,236 | 21,25,321 |
| (b) | Changes in Swap | (34A) | - | - |
| (b) | Employee Benefits Expenses | (35) | 1,99,829 | 1,75,862 |
| (c) | Finance costs | (36) | 1,77,651 | 1,59,404 |
| (d) | Depreciation & Amortization | (37) | 1,20,735 | 1,08,469 |
| (e) | Other Expenses | (38) | 1,64,324 | 1,38,598 |
| (f) | Expenditure on Corporate Social Responsibility | (39) | 199 | 117 |
| | Total expenses | | 26,74,974 | 27,07,771 |
| 3 | Profit/(Loss) before net movements in Regulatory deferral accounts balance & Tax (1-2) | | 1,04,503 | (4,25,163) |
| 4 | Net movement in Regulatory deferral account balances related to Profit & Loss [Net of Other Comprehensive income- Note:6 (a) below] | (40) | (1,25,040) | 4,06,143 |
| 5 | Profit (+) /Loss (-) after net movements in Regulatory deferral accounts balance & before Tax (3+4) | | (20,537) | (19,020) |
| 6 | Share of Profit/ (Loss) of Associates and Joint Ventures | (41) | - | - |
| 7 | Profit Before Tax (5-6) | | (20,537) | (19,020) |
| 8 | Other Comprehensive Income Items that will not be reclassified to profit or loss | (42) | | |
| (a) | Re-measurements of post-employment benefit obligations [this forms part of the Net Movement in Regulatory Account Balances - Note:4 above] | | 29,799 | 26,029 |
| (b) | Tax Expense: Provision for Income Tax after considering Other Comprehensive Income | (43) | 2,425 | 2,204 |
| | Other comprehensive income for the year net of tax (a-b) | | 27,374 | 23,825 |
| 9 | Total comprehensive income for the Period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the Period) | | 6,837 | 4,805 |
| 10 | Earning per equity share of face value of Rs. 10 each | | | |
| (a) | Basic EPS - (in Rs.) | | 4.21 | (18.06) |
| (b) | Diluted EPS - (in Rs.) | | 4.21 | (18.06) |
| (c) | Basic EPS including net movement in regulatory deferral account balances after tax (in Rs.) | | (0.95) | (0.90) |
| (d) | Diluted EPS including net movement in regulatory deferral account balances after tax (in Rs.) | | (0.95) | (0.90) |

Notes forming part of Consolidated financial statements 1 to 62

This is the Statement of Profit & Loss referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/E300029
LLP No: AAM-26522

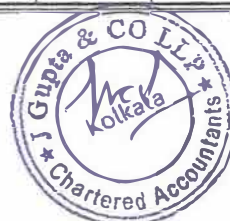
(H K DATTA)
Partner
Membership No. 012208
UDIN: 22012208AJSXD16709
Place: Kolkata
Date: 27th May 2022



(K.K.Ghosh)
Chief Financial Officer

For & on behalf of the Board
Aparna Biswas.
(Aparna Biswas)
Company Secretary
Membership No: F8886
(Santanu Basu)
Chairman & Managing Director
DIN:07218581

| WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED | | | | |
|---|--|-------------------------------------|----------------|----------|
| CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2022 | | | | |
| Sl. No. | Particulars | Note/Reconciliation reference | 2021-22 | 2020-21 |
| | | | (Rs. in lakhs) | |
| | | | Audited | Audited |
| A | CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| | Net Profit/(Loss) Before Taxation | Recon-1 | 9262 | 7009 |
| | Adjustment For: | | | |
| | Depreciation | 37 | 120735 | 108469 |
| | Interest and Financial Charges | Recon-2 | 143133 | 129104 |
| | Bad & Doubtful Debts Provision and Expected Credit Loss | Recon-3 | 6510 | 5066 |
| | Loss on demolition, retirement of fixed asset | 38 (D) | 4,907 | 2,503 |
| | Loss on obsolescence of Inventory | 38 (D) | 2,283 | 6 |
| | Excess Provision Written Back | 33 | (11170) | (392) |
| | Profit on sale of fixed asset | 38 | (0) | 0 |
| | Interest accrued on non current Transmission Liability & & Notional Interest on Govt. Loan | 33 | (7161) | (4250) |
| | Interest accrued on non current Capital Liability | 33 | (1826) | (2343) |
| | Interest/Dividend etc. Income | 33 | (880) | (1272) |
| | Operating Profit Before Working Capital Change (1) | | 2,65,794 | 2,43,899 |
| | Adjustment For: | | | |
| | Stores & Spares | 6 | 110 | 30360 |
| | Sundry Debtors | 3 & 7 | (46701) | (55381) |
| | Other Current & non Current Assets | 4, 5 and 12 | 555 | 3492 |
| | Loans & Advances | 10 and 11 | 5594 | 55630 |
| | Liabilities & Provision, etc. | 25, 26, 27, 28, 29, 30, 19, 20 & 21 | (216127) | 351795 |
| | Changes in working capital (2) | | (2,56,570) | 3,85,896 |
| | Regulatory Deferral Account (3) | 14 | 121061 | (404026) |
| | Cash Generation from Operation [4=(1+2+3)] | | 1,30,285 | 2,25,768 |
| | Tax paid (4) | | 2108 | 2277 |
| | NET CASH FROM OPERATING ACTIVITIES [(A)=3-4] | | 1,28,177 | 2,23,492 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | |
| | Decrease (Increase) in Fixed Assets | 1, 13 & 33 | (264262) | (460950) |
| | Decrease (Increase) in Capital Work in Progress | 1 | (68910) | 35666 |
| | (Increase)/Decrease in Investments | 2 & 9 | (3158) | 3099 |
| | Interest/Dividend Income | Recon-4 | 9942 | 9375 |
| | Other Non Current Asset-Capital Advance | 5 | 44970 | 100388 |
| | NET CASH GENERATED FROM INVESTING ACTIVITIES (B) | | (281418) | (312423) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | |
| | Gross Proceeds from Borrowing | 18 & 24 | 180859 | 155710 |
| | Repayment of Borrowing | | (76634) | (35516) |
| | Proceeds from Share Capital & Share Application Money & reserves | Recon-5 | 11500 | (0) |
| | Proceeds from Consumers contribution & capital subsidy | 17 | 193453 | 84978 |
| | Interest & Financial Charges. | Recon-6 | (154093) | (128497) |
| | NET CASH GENERATED FROM FINANCING ACTIVITIES (C) | | 1,55,085 | 76,675 |
| | NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C) | | 1,845 | (12,256) |
| | CASH and CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 52014 | 64270 |
| | CASH and CASH EQUIVALENTS AT THE END OF THE YEAR | 8 | 53,859 | 52,014 |



| Reconciliations | | Rs. In Lakhs | |
|--|------------------|-----------------|-----------------|
| | Note | 2021-22 | 2020-21 |
| Reconciliation-1 on Net Profit/(Loss) Before Taxation | | | |
| Total Comprehensive Income | | 6837 | 4805 |
| Provision for income tax on post employment benefit obligation | Statement of P/L | 0 | 0 |
| Current Tax | | 2425 | 2204 |
| Net Profit/(Loss) Before Taxation | | 9262 | 7009 |
| Reconciliation-2 on Interest and Finance Charges | | | |
| Finance Cost | 36 | 177651 | 159404 |
| Interest on Consumer Security Deposit | 36 | (25513) | (22829) |
| Transaction Cost on Capital Bond | 36 | (17) | (17) |
| Interest accrued on liability for purchase of power & Notional Interest on Govt. Loan | 36 | (7161) | (4869) |
| Interest accrued on liability for capital supplies/works | 36 | (1826) | (2585) |
| Interest and Finance Charges | | 143133 | 129104 |
| Reconciliation-3 on Bad & Doubtful Debts Provision and Expected Credit Loss | | | |
| Provision for bad and doubtful debt | 38 (D) | 5840 | 4590 |
| Provision for expected credit loss | | 670 | 476 |
| Bad & Doubtful Debts Provision and Expected Credit Loss | | 6510 | 5066 |
| Reconciliation-4 on Interest/Dividend Income | | | |
| Interest from bank on fixed deposit and other deposits | 33 | 880 | 1,272 |
| Interest accrued on non current Transmission Liability | 33 | 7,161 | 4,250 |
| Interest accrued on non current Capital Liability | 33 | 1,826 | 2,343 |
| Accrued Income-Opening | 11 | 1,868 | 3,377 |
| Accrued Income-Closing | 11 | (1,792) | (1868) |
| Interest/Dividend Income | | 9942 | 9375 |
| Reconciliation-5 Proceeds from Share Capital & Share Application Money and Reserves | | | |
| Difference of Opening and closing Equity Share Capital | 15 | 11,500 | - |
| Reserve for unforeseen exigencies-DPL (Retained earnings NTESCL) | 16 | - | - |
| Share pending allotment | 16 | - | - |
| Share of Profit WBGEDCL | 41 | - | - |
| Proceeds from Share Capital & Share Application Money and reserves | | 11500 | 0 |
| Reconciliation-6 Interest & Financial Charges. | | | |
| Interest & Financial Charges as per reconciliation-2 | Recon-2 | (143133) | (129104) |
| Accrued Expenses-Opening | 27 | (47397) | (46790) |
| Accrued Expenses-Closing | 27 | 36437 | 47397 |
| Interest & Financial Charges. | | (154093) | (128497) |

This is the Cash Flow Statement referred to in our Report of even date.

For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/ES00029
LLP No. ANM-2652

(H K DATTA)
Partner
Membership No.012208
UDIN: 22012208AJSDI6709
Place: Kolkata
Date: 27th May 2022

(K.K.Ghosh)
Chief Financial Officer

Aparna Biswas.
(Aparna Biswas)
Company Secretary
Membership No:
F8886

For & on behalf of the Board

(Santanu Basu)
Chairman & Managing Director
DIN:07218581

| Statement of Changes in Equity For the period ended 31st March 2022 | | | | | |
|---|---------------------|-----------------------------------|------------------------------|-------------------|----------|
| (Rs. in lakhs) | | | | | |
| A. Equity share capital | | | | | |
| As at 31st March 2020 | | | | | 2,36,589 |
| Changes in equity share capital | | | | | - |
| As at 31st March 2021 | | | | | 2,36,589 |
| Changes in equity share capital | | | | | 11,500 |
| Balance at 31st March 2022 | | | | | 2,48,089 |
| | | | | | |
| B. Other Equity | | | | | |
| Particulars | Reserve and Surplus | | | | Total |
| | Power Purchase Fund | Reserve for Unforeseen Exlgencies | Debenture Redemption Reserve | Retained Earnings | |
| | (Rs. In lakhs) | | | | |
| Balance at 31st March 2020 | - | 15,821 | 14,116 | 383 | 30,280 |
| Profit for the year | - | - | - | (19,020) | (19,020) |
| Other comprehensive income | - | - | - | 23,825 | 23,825 |
| Total | - | 15,821 | 14,116 | 5,189 | 35,086 |
| Transfer to debenture redemption reserve | - | - | 1,667.00 | (1,667) | - |
| Ratained earnings of NTESCL merged during the year | - | - | - | - | - |
| Reserve for Unforeseen Exigencies | - | 52 | - | (52) | (0) |
| Balance at 31st March 2021 | - | 15,873 | 15,783 | 3,469 | 35,086 |
| Loss for the year | - | - | - | (20,537) | (20,537) |
| Other comprehensive income | - | - | - | 27,374 | 27,374 |
| Total | - | 15,873 | 15,783 | 10,306 | 41,962 |
| Transfer to debenture redemption reserve | - | - | 1,667 | (1,667) | - |
| Written Back of Unforeseen Exigencies | - | (104) | - | 104 | - |
| Power Purchase Fund (As per APR order 2013-14) | 371 | - | - | (371) | - |
| Balance at 31st March 2022 | 371 | 15,769 | 17,450 | 8,372 | 41,962 |

This is the Statement of Changes in Equity referred to in our Report of even date.

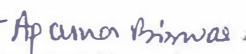
For J GUPTA & CO LLP
CHARTERED ACCOUNTANTS
FRN. 314010E/E30/0029
LLP No: AAM-2652



(H K DATTA)
Partner
Membership No.012208
UDIN: 22012208AJSXD16709
Place: Kolkata
Date: 27th May 2022

For & on behalf of the Board


(K.K.Ghosh)
Chief Financial Officer


(Aparna Biswas)
Company Secretary
Membership No:
F8886


(Santanu Basu)
Chairman & Managing Director
DIN:07218581



J. Gupta & Co. LLP

Chartered Accountants

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Mezzanine Floor

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Kolkata – 700 087

☎ : (033) 40074539

Email : jgupta.co.ca@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of West Bengal State Electricity Distribution Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

The Consolidated Financial Statements of the group has been prepared based on the audited financial statements of West Bengal State Electricity Distribution Company Limited ("the Company"), and unaudited Management certificate for joint venture company i.e. West Bengal Green Energy Development Company Limited ("the Joint Venture") [Refer note No:7 of the Significant Accounting policies]

We have therefore audited the accompanying consolidated financial statements of which comprise the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI)



together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

1. Note 14.6 read along with Note 55 of the Consolidated financial Statements relates to the managements evaluation of risk associated with regulatory deferral account debit balance in view of issuance of Annual Performance Review (APR) orders for FY 2013-14 to 2017-18 where the regulator admitted Rs 4,68,682 lakhs and Rs.344644 lakhs (which includes Rs 255660 lakh on account of non-payment of liabilities owing to Terminal benefit fund of its employees and Rs 88,984 lakhs for other matters) has been withheld pending certain compliances against claim of Rs.11,90,153 lakhs. Therefore, the balance Of Rs 376827 lakhs was disallowed out of which Rs 93239 lakhs has been considered in the books of Accounts and balance of Rs 2,83,588 lakh being Carrying Cost has not been provided for in the books of Accounts as the matter is pending before APTEL.
2. APR orders from 2013-14 to 2017-18 has been issued during the year by WBERC where regulator admitted Rs 468682 lakh. Out of this admitted amount, Rs 462498 lakhs was accommodated in the Tariff order for 2018-19 to 2021-22 which has been issued without any noticeable increase in average Tariff which has remained stagnant for last 5 years. While determining the ARR for the above periods , Regulator kept the uncontrollable expenditures like Average power purchase cost (which has increased significantly in last 5 years) at lower levels to accommodate the admitted regulatory Assets. Thus such Tariff structure does not truly reflect the cost of supply and this additional cost incurred by the Company will come up again in the form of further accumulation of Regulatory Assets. Hence there is no concrete resolution roadmap for piling regulatory assets, in consonance with WBERC.



3. The Hon'ble Supreme Court vide order dated 11.05.2022, wherein the order dated 17.09.2021 of the Calcutta High Court was upheld. The employees were being paid Dearness Allowance (DA) at Central Government rates till January, 2016. However, from February, 2016 to June, 2019, DA was paid @125% of the basic pay and from July 2019 to Dec, 2019, DA was paid @135% of the basic pay. The Calcutta High Court held that Rule 9 of the Revision of Pay and Allowances Rules, 2009 (ROPA) confers a right to the employees to be paid DA at Central Government rates. Accordingly, provision has been made for the differential amount from February, 2016 to December, 2019 amounting to Rs.17718 lakhs and Rs. 16694 lakhs in respect of current and retired employees respectively and interest @10% thereon amounting to Rs. 6346 and Rs.6005 lakhs respectively. No provision has been made in respect of the period from January, 2020 in terms of ROPA 2020.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| SI No. | Particulars |
|--------|---|
| 1 | Key Audit Matter |
| | Abnormal AT&C Losses: The Company has been witnessing theft of electricity in some geographical locations, the reasons of which is socio-economic. Due to this, the AT&C losses at some locations have been to the tune of even more than 90%. This also accounts for the major reasons for the under-recovery of the cost of electricity purchases, which is claimed with Tariff Regulatory Authority and disclosed at Receivables as Regulatory Tariff. The entity recognises the revenue on the basis of the quantity of electricity identified to have been distributed to the individual customer. The quantity is distributed from a facility (substation/ transformer) to a |



| | |
|----------|--|
| | <p>group of customers. However, the billed quantity is lower than the quantity consumed/distributed. As per the prescribed procedure, such deficit in billed revenue is claimed through tariff mechanism prescribed by the Regulatory Authority through the increase in tariff rate to be recovered in subsequent periods from the customers and /or grants from the State Government. The amount so recoverable in subsequent years is recognized as income and the same is disclosed as assets till the same is recovered. The entity estimates that there is reasonable certainty in such recovery although recovery in respect of 5-6 years remains unrealised. Such deficit in billed revenue varies widely ranging from roughly 70% to 3% from one division to another division, with similar technical parameters of the distribution facilities.</p> |
| | Auditor's Response |
| | <p>We have reported the matter in Item 3(b) of our Report in Annexure A on Internal Financial Control.</p> |
| 2 | Key Audit Matter |
| | <p>Particulars of Property, Plant and Equipments (PPE) require a thorough review as regards to Location, cost booked, deductions and identification. Depreciation and the Capital Work in Progress (CWIP) includes some items for which particulars of the asset represented by the asset code and in the case of CWIP, the age-wise details of assets needs to be analyzed. Reconciliation of land as per PPE with the title documents needs to be made.</p> |
| | Auditor's Response |
| | <p>The Auditee had made efforts to streamline the matter through Asset Management Cell and like last year has assured to provide full information in the following year.</p> |
| 3 | Key Audit Matter |
| | <p>The Company has received substantial grants from Government for various projects. There are underlying conditions about the manner of utilization of funds and the manner to keeping the unutilized funds pending utilization. The unutilized State Government funds and Loans for long term projects have been deposited in Cash Credit Account to reduce the outstanding balances thereof. Further, the unutilized funds have been kept in Fixed Deposits with Scheduled Banks, which have been pledged with those banks as security against Short Term Loans availed from them.</p> |
| | Auditor's Response |



| | |
|---|---|
| | The facts have been considered in the Audit Report. |
| 4 | Key Audit Matter |
| | We draw attention to Note 40 read with note 14 of the Consolidated financial statements, wherein the Company has booked revenue as recoverable by way of Tariff Mechanism. Such recoverable amount stands at Rs1833017 lakhs as on 31.03.2022. The recovery through Tariff Mechanism has not been commensurate with the revenue so booked resulting in the increasing amount of recoverable amount. Though the Truing up orders up to 2017-18 has been issued during the year, yet there is accumulation of recoverable amount of Rs 1833017 lakh. Had this revenue been not booked, the financial position for those years would have resulted in loss. In view of the poor recoverability of such amount, the Company is increasing its borrowings, which may not be sustainable. |
| | Auditor's Response |
| | We have understood that as the Auditee's business is Rate-Regulated, thus the amount is recoverable only through the order from the Regulator as per Regulatory framework in the normal course of Business. However since there has been repeated disallowances on several fronts like disallowance of fixed cost and Carrying cost, the same is likely to have an adverse impact on the profitability of the Company infuture. |

Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Consolidated financial statements and our auditor's report thereon. Our opinion on the Consolidated financial statements does not cover the other information and

we do not express any form of assurance conclusion thereon.

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

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



Responsibility of Management and Those Charged With Governance for the Consolidated Financial Statement.

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of state of affairs, profit and loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



users taken on the basis of these Consolidated financial statements.

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

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

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

We consider quantitative materiality and qualitative factors in



- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Other 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 were taken into account without verification and do not correspond to its realisable value as stated by the earlier auditors. Such amounts still outstanding and/or unrealized and/or unpaid, as it appears in these accounts, have not been indicated.
- 2) On examination of the books it was discovered that there is a huge amount of Capital Advance(for both capital works and O&M works) lying with an unassigned vendor of Rs 317.29 lakhs from a long period of time, we doubt on realisability of the amount or



appropriation of it in the specific ,if performed.

3) The accumulated balance of Regulatory Assets at the end of the year is Rs.18,33,017Lakhs (Refer to Note No.-14) which includes :

| Sl No. | Nature of Claim | Amount (In Lakhs) |
|--------|---|-----------------------|
| 1. | APR & FPPCA from F.Y. 2014-15 to 2020-21 & F.Y. 2021-22 (Projected) | 1,82,6952 |
| 2. | Loss Incurred for taking over of SingurHaripal Electric Co-operative Society Ltd. (SHRELCOP) Period F.Y. 2010-11. | 6,065 |
| | Total | 18,33,017 |

The above table shows a huge accumulation of regulatory assets as on 31.03.2022. It has been informed that the matter has arisen primarily due to delay in issuance of Tariff orders, Pending APR orders and decision of APTEL.

- 4) The process of getting confirmation of Bank Guarantees as on 31-03-2022, from the issuing bank, is still in progress. Out of Rs 2633.22 Crores of Bank Guarantees, the company has obtained Confirmation of Rs 1317.71 Crore. The impact of non receipt of balance confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.
- 5) Confirmation of balances are not available in many cases from the 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.
- 6) Outstanding Trade Receivables balance excluding those for Electricity Duty on account of sale of power as on 31.03.2022, amounting to Rs 477024 lakhs after considering allowances for bad and doubtful debts, is not adequately supported with secured documents and therefore the recoverability for the same appears doubtful. No provisions have been made in this respect as in the opinion of the Company efforts are still being made for recovering these dues. (Refer Note No -7)



- 7) On account of security deposit backed by each sector i.e. Bulk, L&MV for both Government and Non-Government (disconnected), for debtors having outstanding balance for more than 36 months. It has been observed that there were huge balances for Non-Government debtors having outstanding balance for more than 36 months amounting to Rs.134652 Lakhs with security deposit of Rs.9740 Lakhs, whose collectability cannot be ascertained at present.
- 8) Materials valuing Rs 1310 lakhs received from vendors awaiting inspection are not duly accounted for in books of accounts as disclosed in Note No.6.5 to the Note on accounts.
- 9) The obligation of the company towards Corporate Social Responsibility amounts to Rs 149 lakhs and the Company has sanctioned an amount of Rs 146 lakhs on various eligible CSR programs /projects. Out of which

| REMARKS |
|--|
| Rs 69 Lakhs has already been spent in various projects in the current financial year(2021-22). |
| Rs 72 Lakhs has been transferred to unspent CSR A/c as per section 135(6) of Companies Act, 2013. |
| Rs 8 Lakhs is yet to be transferred. Which as per management's representation, will be transferred by September,2022. |

(Refer Note No-39)

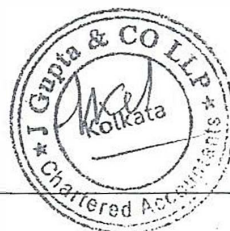
- 10) "Land" as appearing in Note 1 of PPE includes both freehold and lease hold land, as per last year's audit report. We are unable to comment on whether any further adjustment in the amount of leasehold land is necessary and its consequential effect on financial results of the company, if any.
- 11) 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.2561 Lakhs 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.18.5).

- 12) Confirmation of loan balance from Rural Electrification Corporation Ltd. for Rs.10,323 Lakhs was not available. 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. (Refer Note No. 18.15)
- 13) Other non-current assets includes unadjusted debit balances in inter-unit accounts for Rs.15,000 Lakhs. It is stated that this amount is appearing in accounts since the inception of the company. (Refer Note No. 5.4).
- 14) Other non-current assets includes unadjusted debit balances in commitment advance account for Rs. 120 Lakhs. Such an amount is appearing in accounts since long period and there not future recoverability with reference to the booked amount (Refer Note No. 5.2)
- 15) Confirmation of loan balance from Power Finance Corporation Limited A/c RAPDRP amounting to Rs. 11737 lakhs was not available.
- 16) Ageing analysis of Loans and Advances to Staff could not be provided with complete accuracy. It is clarified by management that such ageing could not be extracted from the SAP-ERP systems due to several open items in the ERP system for which settlement is still in process.
- 17) There is difference in the deposits with Power Exchanges where the figure as per books of accounts stood at Rs.19.70 Crores whereas as per confirmation obtained, the balance is at Rs. 17.95 Crores.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that :

- a) We have sought and obtained all the information and explanations(except on Note:35.3) 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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) The provisions of Section 197(16) of the Companies Act, 2013 regarding Directors Remuneration is not applicable to the Company as per Notification No.GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

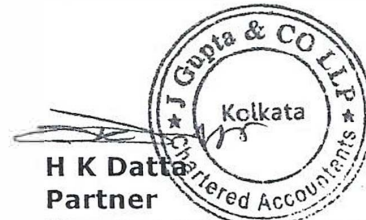


h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :

- i. The Company has Long Term Contracts for power purchase and sale. It has been explained to us that material loss cannot be foreseen on such contracts and the company does not have any derivative contract.
- ii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. 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- C" a statement on the matters specified in the said directions and sub directions. We have reported in terms of CAG letter as applicable for 2020-2021 due to non receipt of the same for the year 2021-2022.

For J GUPTA & CO. LLP
Chartered Accountants
FRN:314010E/E300029



H K Datta
Partner
Membership Number: 012208
UDIN: 22012208AJSXDI6709

Kolkata,
May 27, 2022

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of the Independent Auditors’ Report of even date to the Members of West Bengal State Electricity Distribution Company Limited on the Consolidated financial statements as of and for the year ended March 31, 2022)

Report on the Internal Financial Controls Over Financial Reporting 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 of March 31, 2021 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.

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.



Modified Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2022, 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, except as detailed below:

(1) Non-maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company. In this respect, we have the following observations:

- a) Some particulars of the Property, Plant and Equipments (PPE) are not available.
- b) A document on the Policy and Procedures in Internal Financial Control as submitted by the appointed consultant of the Company is yet to be implemented across the Company. The Internal Control System and Environment is under implementation and would be subjected to review by the Audit Committee. The responsibilities of the Audit Committee 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. Details of 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, were not furnished adequately to us regarding adherence of following aspects of Internal Financial Control:
 - i) Risk Identification
 - ii) Internal Control instituted for mitigation of identified Risks
 - iii) Review of the efficiency in the operation of Internal Controls
 - iv) Modifications of the Internal Control System consequent to review of its operations

(2) Pertaining to reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, there have been gaps in foolproof evidence of compliance of following issues pointed out during the year under review:



- (a) Capital Advances in Note 5 and O&M advances in Note 12 include material lying with contractors for which, there is no information available as to the condition and present status. However in most cases vendor confirmation are not made available to us.
- (b) The Secured Sundry Debtors disclosed in Note 7 on Trade Receivables amounting to Rs.157339 lakhs could not be verified as secured against the corresponding Security Deposit from Consumers appearing in Note No. 20.1 Rs.481482 lakhs and in Note No. 26 Rs.14748 lakhs. Further, the Security available is not sufficient to cover the outstanding balances and as such disclosure as Secured Sundry Debtors is not factually correct to that extent.
- (3) In the matter of providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements, we have following observations:
- a) Physical verification of fixed assets has not been done properly, except for bidhanagar division.
- b) The entity recognizes the revenue on the basis of the quantity of electricity identified to have been distributed to the individual customer. The quantity is distributed from a facility (substation/ transformer) to a group of customers. However, the billed quantity is substantially lower than the quantity consumed/distributed. As per the prevailing practice, such deficit in billed revenue is claimed through tariff mechanism prescribed by the Regulatory Authority through the increase in tariff rate to be recovered in subsequent periods from the customers and /or grants from the State Government. The amount so recoverable in subsequent years is recognized as income and the same is disclosed as assets till the same is recovered. The entity estimates that there is reasonable certainty in such recovery although recovery in respect of 5-6 years remains unrealized. Such deficit in billed revenue varies widely ranging from roughly 70% to 3% from one division to another division, with similar technical parameters of the distribution facilities. The Company has stated that adequate steps have been taken for identification of cases of delinquency, lodging of FIRs, raising the assessment bills and realization thereof and also organizing Pariseba Mela. Moreover, AB Cabling and replacement of defective meters have been done during the year. However, the assessment bills raised are negligible compared to the quantum of deficit as stated above. As such, there are no substantive measures taken to mitigate such delinquency.



c) Observation Relating to Different Projects:

The Company receives substantial grants from Government for various projects. There are elementary conditions about the manner of utilization of funds. Any deviation in such utilization attracts scrutiny.

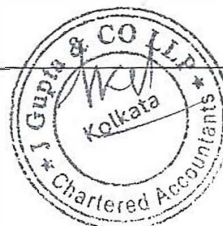
We have noticed that expenses towards the payment for Construction of Bay to WBSETCL amounting to Rs 3555 lakhs as recorded in finance function has not been confirmed with component wise utilizations thereof by the respective Engineers in charge.

As regards other long term projects, the reconciliation of Fund Statement shows that the unutilized funds out of the State Government Grant received have been deposited in Cash Credit Account to reduce the outstanding balances thereof.

d) The company issues inventories to its contractors for various project works disclosed as Inventory Lying with third party in Note 6.4. Total amount of inventories for Rs.25191 Lakhs was lying with the contractors as on 31st March, 2022. Intimation for balance confirmations have been issued for such materials lying with third parties.

e) The company sought to improve the Internal Financial Control of the company during the year under review in view of previous years modified comment of the Statutory Auditors. The consultant was appointed for the purpose in terms of company's letter of engagement reference dated 27/01/2020. The consultant in its Advisory Report dated 27th November 2020 on Internal Controls Over Financial Reporting Identified 174 numbers of Risk & Controls points of which there are gaps in 28 number of points including those falling in the category of High/Medium Risk numbering 18 numbers. The Company is in the process of taking appropriate actions to mitigate these points supported by the confirmatory reports from the designated officers responsible for each control points and has been making efforts to deal with a number of risk control points. During the year Company took action on 6 Risk & Controls points where there were gaps as per IFCoFR matrix.

f) Non-adherence to terms of floating tender: During the year, the internal audit department floated tender to appoint Chartered Accountant firms, but could appoint only 2 firms, while 13 other firms denied the appointment and disputed the manner of fixing the remuneration based on firstly overall L1 criteria in totality and thereafter revising again manpower quality based L1 quotation within the total L1, which appropriately was not as per tender documents. Internal Audit, being one of the most important systems necessary to keep watch on the activities of




the organisation, this has been allowed to suffer on flimsy and insignificant reasons. Management review, if any, on such Tender Conditions resulting in rejection of most of the firms, have not been furnished resulting in under coverage of audit areas by the Internal Audit Department.

However We have maintained reservation on the issue for lack of adequate improvement on such control over previous year. We maintain the same modified opinion of the internal financial control in respect of the company.

**Kolkata,
May 27, 2022**

**For J GUPTA & CO.LLP
Chartered Accountants
FRN: 314010E/E300029**


**H K Datta
Partner
Membership Number: 012208
UDIN: 22012208AJSXDI6709**

IN TERMS OF CAG DIRECTIONS/SUBDIRECTIONS AS APPLICABLE FOR 2020-2021 DUE TO NON RECEIPT OF THE SAME FOR THE YEAR 2021-2022

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of West Bengal State Electricity Distribution Company Limited of even date)

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

I. Accounting through IT System.

Direction: Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated?

Observations: Company has adequate system to process all accounting transactions through IT System. The company prepares the Financial Statements from the data extracted from SAP-ERP using T-Code F.01

II. Waiver/Write-off of debts/loan/interest.

Direction: Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Observations: The company has defaulted in payment against the Government Guaranteed Pension Trust Bond 2016 to the extent of Rs.117300 lakhs which was payable within 31.03.2022.

III. Utilization of funds received/receivable

Directions: Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Observations: The Company receives substantial grants from Government for various projects. There are underlying conditions about the manner of utilization of funds and the manner to keeping



the unutilized funds pending utilization. The unutilized State Government funds and Loans for long term projects have been deposited in Cash Credit Account to reduce the outstanding balances thereof. Further, the unutilized funds have been kept in Fixed Deposits with Scheduled Banks, which have been pledged with those banks as security against Short Term Loans availed from them.

IN TERMS OF CAG DIRECTIONS/SUBDIRECTIONS AS APPLICABLE FOR 2020-2021 DUE TO NON RECEIPT OF THE SAME FOR THE YEAR 2021-2022

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

Sub-direction: Adequacy of steps to prevent encroachment of idle land owned by the company maybe examined. In case land of the company is encroached/under litigation/ not put to use/ declared surplus, details maybe provided.

Observations: As per information provided to us Total 3.9575 Acre of land is under Encroachment for 12 number different locations in the district of North 24 Parganas, South 24 parganas, Birbhum, Burdwan, PurbaMedinipur and Darjeeling Districts. With regards to steps taken to prevent such encroachment no details were furnished by the company.

Sub-direction.Where land acquisition is involved in setting up new projects, report whether settlements of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.

Observations: In cases involving setting up new projects, the Company follows the policy/guidelines issued by the state government and settlement is done accordingly and no apparent deviation could be observed as such.

Sub-direction.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.

Observations: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.



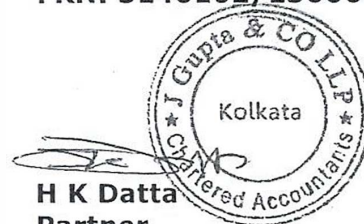
Sub-direction. Report on the efficacy of the system of billing and collection of revenue in the company.

Observation: The company is operating at a billing efficiency which is in the tune of 84.83 %.The low billing efficacy in the state are more noticeable in rural areas. There is huge accumulation of outstanding having tenure more than 1 year. Recoverability of such debtors appears difficult considering the past trend of realization of old outstanding. On the positive side, we noticed a significant increase in digital bill payments by urban consumers.

Sub-direction.How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government; shortfall if any maybe commented.

Observation:As per WBERC Tariff Regulations, any subsidy to any class of consumers, if provided by Govt. of West Bengal, the same should be on upfront basis. However from the past trends it is being observed that though the Company is regularly receiving the booked subsidy as allowed to the Consumers by Govt. of West Bengal, the subsidy is not received on upfront basis. No subsidy is receivable from the Govt of west Bengal as on 31.03.2022.

For J GUPTA & CO.LLP
Chartered Accountants
FRN: 314010E/E300029



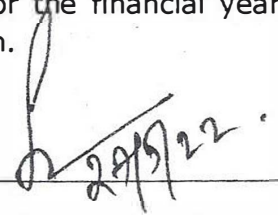
H K Datta
Partner
Membership Number:012208
UDIN: 22012208AJSXDI6709

Kolkata,
May27, 2022

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

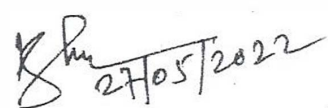
**DECLARATION PURSUANT TO CIRCULAR NO. CIR/CFD/CMD/56/2016
DATED 27th MAY, 2016-AUDIT REPORT WITH UNMODIFIED OPINION**

In terms of requirement of Circular No.CIR/CFD/CMD/56/2016 dated 27th May,2016 issued by the Securities and Exchange Board of India, we hereby solemnly declare to the Stock Exchange that the Audit Report made by M/S J. Gupta & Co. LLP, Chartered Accountants, The Statutory Auditors of the Company, to the members of the Company, on the Annual Standalone & Consolidated Financial Results for the financial year ended 31st March,2022, examined by them, is with unmodified opinion.

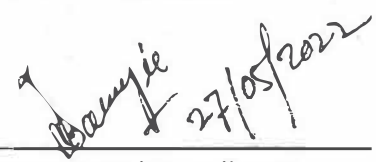


(Santanu Basu)

Chairman and Managing Director
DIN:07218581



Kalyan Kumar Ghosh
Chief Financial Officer
PAN:ADPPG0406N



Srikumar Bandyopadhyay
Chairman of Audit Committee
DIN:03504452



For J. Gupta & Co. LLP
Chartered Accountants
Firms Registration No.314010E/E300029
(H.K. DATTA)
Partner
Membership No:012208

Kolkata
Dated:27/05/2022



West Bengal State Electricity Distribution Company Limited

(A Govt. of West Bengal Enterprise)

Registered Office: Vidyut Bhavan, Bidhannagar, Block – DJ, Sector –II, Kolkata-700 091

CIN: U40109WB2007SGC113473; website: www.wbsedcl.in

Memo. No. A/Bond/DCL/58/BSE/ / 01

Date: 27.05.2022.

To
The Manager
Deptt. Of Corporate Services,
Bombay Stock Exchange,
PJ Towers, (Floor – 25th)
Dalal Street,
Mumbai – 400 001.

Sub.: Information under clause 52(4) & 54(3) of Chapter V of SEBI (LODR) Regulations, 2015 for the Quarter and year to date ended as on 31.03.2022.

Ref.: Company Code -10007

Sir/Madam,

In pursuance of clause 52(4) & 54(3) of chapter V of SEBI (LODR) Regulations, 2015 we hereby provide the following information:

| Sl No. | Particulars | Details/Ratios |
|--------|--|--|
| 1 | Credit Rating & Change in Credit rating (if any) | IVR BBB- (Stable) |
| 2 | Asset Cover available | More than 100% |
| 3 | Previous due dates for payment of interest/Principal of Non Convertible Debt securities and whether the same has been paid or not. Next due dates for payment of interest / Principal | 25.04.2021-paid 04.08.2021-paid 16.08.2021-paid 25.10.2021-paid 04.02.2022-paid 16.02.2022-paid 25.04.2022 04.08.2022 16.08.2022 25.10.2022 04.02.2023 16.02.2023 |
| 4 | Outstanding Redeemable Preference Shares(Quantity and Value) | Not applicable. |

Telephone: 23345844/23591903

Fax: (033) 23585292 / 23598395

Email: lnbwbsedcl@gmail.com

WBSEDCL



West Bengal State Electricity Distribution Company Limited

(A Govt. of West Bengal Enterprise)

Registered Office: Vidyut Bhavan, Bidhannagar, Block – DJ, Sector –II, Kolkata-700 091

CIN: U40109WB2007SGC113473; website: www.wbsedcl.in

| | Particulars | Standalone 12 months ended 31.03.2022 | Consolidated 12 months ended 31.03.2022 |
|----|--|--|---|
| 5 | Debt Equity Ratio | 2.91 | 2.91 |
| 6 | Debt Service Coverage Ratio | 1.21 | 1.21 |
| 7 | Interest Service Coverage Ratio. | 1.47 | 1.47 |
| 8 | Debenture Redemption Reserve(Rs. in cr.) | 174.50 | 174.50 |
| 9 | Net worth (Rs. in cr.) | 2564.21 | 2564.21 |
| 10 | Net Profit After Tax(Rs. in cr.) | 68.37 | 68.37 |
| 11 | Current Ratio | 0.43 | 0.43 |
| 12 | Long term debt to working capital | (0.55) | (0.55) |
| 13 | Bad debts to account receivable ratio | 0.02 | 0.02 |
| 14 | Current liability ratio | 0.65 | 0.65 |
| 15 | Total debts to total assets | 0.40 | 0.40 |
| 16 | Debtors turnover | 3.74 | 3.74 |
| 17 | Inventory turnover ratio | 54.89 | 54.89 |
| 18 | Operating margin(%) | 6.17% | 6.17% |
| 19 | Net profit margin(%) | 0.26% | 0.26% |
| 20 | Earnings Per Share | Refer to Audited Financial Results for the year ended 31.03.2022. | |

This is for your information and record please.

Yours faithfully,

Aparna Biswas 27/05/22
(A. Biswas)

Company Secretary & Compliance Officer

Telephone: 23345844/23591903

Fax: (033) 23585292 / 23598395

Email: lnbwbsedcl@gmail.com

WBSedCL

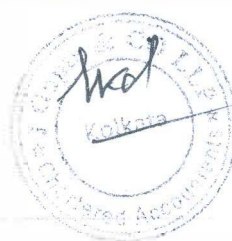
West Bengal State Electricity Distribution Company Limited

(Rs. in Lakh)

Statement of Financial Results for the Quarter and Year ended 31.03.2022

| Particulars | Three Months ended 31.03.2022 | Preceding Three Months ended 31.12.2021 | Corresponding Three Months ended previous year (31.03.2021) | Year to date figures for period ended 31.03.2022 | Year to date figures for period ended 31.03.2021 | Year to date figures for period ended 31.03.2022 | Year to date figures for period ended 31.03.2021 |
|---|-------------------------------|---|---|--|--|--|--|
| | (Audited) | (Reviewed) | (Un-Audited) | (Audited) | (Audited) | (Audited) | (Un-Audited) |
| | Standalone | | | | | Consolidated | |
| 1 Revenue from Operations | 577090 | 714239 | 508685 | 2598653 | 2144760 | 2598653 | 2144760 |
| Other Operating Income | 23983 | 19419 | 23633 | 68052 | 54924 | 68052 | 54924 |
| Other Income | 28188 | 35398 | 26307 | 112772 | 82925 | 112772 | 82925 |
| Total Revenue | 629261 | 769056 | 558625 | 2779477 | 2282609 | 2779477 | 2282609 |
| 2 Expenses | | | | | | | |
| Purchase of Power & Transmission Charges | 425665 | 511947 | 677683 | 2012236 | 2125321 | 2012236 | 2125321 |
| Employee Benefit Expenses | 65693 | 43276 | 69004 | 199829 | 175862 | 199829 | 175862 |
| Finance Cost | 47040 | 43954 | 44423 | 177651 | 159404 | 177651 | 159404 |
| Depreciation | 30197 | 30586 | 26620 | 120735 | 108469 | 120735 | 108469 |
| Other Expenses | 50857 | 32104 | 40033 | 164324 | 138598 | 164324 | 138598 |
| Expenditure on Corporate Social Responsibility | 74 | 12 | 100 | 199 | 117 | 199 | 117 |
| Total Expenses | 619526 | 661879 | 857863 | 2674974 | 2707771 | 2674974 | 2707771 |
| 3 Profit/(Loss) before exceptional & extraordinary item and Tax (1-2) | 9735 | 107177 | (299239) | 104503 | (425163) | 104503 | (425163) |
| 4 Exceptional Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 Profit/(Loss) before exceptional item and Tax (3-4) | 9735 | 107177 | (299239) | 104503 | (425163) | 104503 | (425163) |
| 6 Extraordinary items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Profit/(loss) before net movements in Regulatory Deferral account balance & Tax (5+6) | 9735 | 107177 | (299239) | 104503 | (425163) | 104503 | (425163) |
| 8 Net movements in Regulatory Deferral account balance related to Profit & Loss account | 6980 | (133078) | 278785 | (125040) | 406143 | (125040) | 406143 |
| 9 Share of Profit/(Loss) of Associate & Joint Venture Company | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Profit/(loss) after net movements in Regulatory Deferral account balance & Tax (8+9) | 16715 | (25901) | (20454) | (20537) | (19020) | (20537) | (19020) |
| 11 Tax expenses | | | | | | | |
| Current Tax | 0 | 0 | (1104) | 0 | 0 | 0 | 0 |
| Deferred Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Net Profit/(loss) for the period & net movements in Regulatory Deferral account balance (10-11) | 16715 | (25901) | (19350) | (20537) | (19020) | (20537) | (19020) |
| 13 Other Comprehensive Income-Items that will not be reclassified to Profit & Loss account | | | | | | | |
| Remeasurement of post employment benefit obligation | (12991) | 27495 | 20951 | 29799 | 26029 | 29799 | 26029 |
| Income Tax relating to post employment benefit obligation | 441 | 842 | 1317 | 2425 | 2204 | 2425 | 2204 |
| Other Comprehensive Income for the year net of tax | (13432) | 26653 | 19634 | 27374 | 23825 | 27374 | 23825 |
| 14 Total Comprehensive Income for the period (12+13) [Comprising Profit/(Loss) and other Comprehensive Income for the period] | 3283 | 753 | 284 | 6837 | 4805 | 6837 | 4805 |
| 15 Paid up Debt Capital | 1645212 | 1716323 | 1526204 | 1645212 | 1526204 | 1645212 | 1526204 |
| 16 Reserves excluding Revaluation Reserves (As per last Balance Sheet) | 41922 | 40089 | 35085 | 41922 | 35085 | 41962 | 35125 |
| 17 Debenture Redemption Reserve | 17450 | 17033 | 15783 | 17450 | 15783 | 17450 | 15783 |
| 18 Earnings Per Share (EPS) Rs 10/- each (for Continuing and Discontinued Operations) | | | | | | | |
| Basic & diluted EPS before extraordinary items and Net movement of Regulatory Deferral account balance (Rs) (not annualised) | 0.38 | 4.46 | (12.72) | 4.21 | (18.06) | 4.21 | (18.06) |
| Basic & diluted EPS after extraordinary items and Net movement of Regulatory Deferral account balance (Rs) (not annualised) | 0.67 | (1.12) | (0.92) | (0.95) | (0.90) | (0.95) | (0.90) |

Notes as per Annexure N attached



Statement of Ratios and other information as per Regulation 52(4) of SEBI Listing Obligations & Disclosure Requirements) Regulations, 2015

| Particulars | Three Months ended 31.03.2022 | Preceding Three Months ended 31.12.2021 | Corresponding Three Months ended previous year (31.03.2021) | Year to date figures for period ended 31.03.2022 | Year to date figures for period ended 31.03.2021 | Year to date figures for period ended 31.03.2022 | Year to date figures for period ended 31.03.2021 |
|---|-------------------------------|---|---|--|--|--|--|
| | (Audited) | (Reviewed) | (Un-Audited) | (Audited) | (Audited) | (Audited) | Un-Audited |
| | Standalone | | | | Consolidated | | |
| a. Debt Equity Ratio [[Non-Current Borrowings excluding Current maturities of Long Term Borrowings] / (Shareholders Equity)] | 2.91 | 3.13 | 2.93 | 2.91 | 2.93 | 2.91 | 2.93 |
| b. Debt Service Coverage Ratio [[PBT+Depreciation(Net of amortized Govt. grant for the period)+Interest +Provisions / (Interest + Capitalisation of Interest+Repayment of Loan)] | 1.21 | 1.12 | 1.16 | 1.21 | 1.16 | 1.21 | 1.16 |
| c. Interest Service Coverage Ratio [[PBT+Depreciation(Net of amortized Govt. grant for the period)+Interest+Provisions / (Interest +Capitalisation of Interest)] | 1.47 | 1.36 | 1.41 | 1.47 | 1.41 | 1.47 | 1.41 |
| d. Outstanding Redeemable Preference Share (Nos) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Net Worth (Rs in Lakh) Aggregate of Equity Share Capital & Free Reserves | 256421 | 249501 | 240018 | 256421 | 240018 | 256461 | 240058 |
| f. Net Profit After Tax (Rs in Lakh) | 3283 | 753 | 4805 | 6837 | 4805 | 6837 | 4805 |
| g. Current Ratio [(Current Assets) / (Current Liabilities)] | 0.43 | 0.34 | 0.38 | 0.43 | 0.38 | 0.43 | 0.38 |
| h. Long term Debt to Working Capital* [[Long Term Borrowings-Current maturities of Long Term Borrowings] / (Working Capital excluding current maturities of long term borrowings)] | (0.55) | (0.86) | (0.45) | (0.55) | (0.45) | (0.55) | (0.45) |
| i. Bad Debts to Accounts Receivable Ratio [(Bad debts) / (Trade Receivables)] | 0.02 | 0.00 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| j. Current Liability Ratio [(Current Liabilities) / (Total Liabilities)] | 0.65 | 0.66 | 0.68 | 0.65 | 0.68 | 0.65 | 0.68 |
| k. Total Debts to Total Assets [[Long Term Borrowings+ Short Term Borrowings] / (Total Assets)] | 0.40 | 0.41 | 0.39 | 0.40 | 0.39 | 0.40 | 0.39 |
| l. Debtors Turnover [[Annualised Net Sales] / (Average Trade Receivables)] | 3.74 | 3.33 | 3.20 | 3.74 | 3.29 | 3.74 | 3.29 |
| m. Inventory Turnover Ratio [[Annualised Cost of Goods Sold] / (Average Inventory)] | 54.89 | 40.15 | 34.47 | 54.89 | 34.47 | 54.89 | 34.47 |
| n. Operating Profit Margin(%) [(EBIT-Other Income) / (Net Sales)] | 6.17% | 5.61% | 6.88% | 6.17% | 6.88% | 6.17% | 6.88% |
| o. Net Profit Margin(%) [(Profit After Tax) / (Net Sales)] | 0.26% | 0.17% | 0.22% | 0.26% | 0.22% | 0.26% | 0.22% |
| p. Asset Cover | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| q. No of Days Payable | 110 | 112 | 112 | 110 | 112 | 110 | 112 |
| r. No of Days Receivable | 67 | 82 | 79 | 67 | 79 | 67 | 79 |

* Net Working Capital is negative

For J.Gupta & Co. L.L.P.
Chartered Accountants
FR No. 314010E/E300029
LLP No. AAM-2652

H.K.Datta
Partner

Membership no. 012208
UDIN: 22012208AJTAAC4064



For West Bengal State Electricity
Distribution Company Limited

(Santanu Basu)
Chairman and Managing Director

Santanu Basu, IAS
CMD, WBSE Distribution Co. Ltd.
(A Govt. of West Bengal Enterprise)

Place: Kolkata
Date: 27th May 2022