

Management Reply on the Comments of Comptroller and Auditor General of India under Section 146(6)(b) of Companies Act,2013 on the Consolidated Financial Statements (CFS) of WBSEDCL for the year ended 31st March,2021.

As on 31st March,2021 WBSEDCL had an accumulation of regulatory deferral account balance of ₹ 19580.57 Crore, due to non issuance of APR orders from 2013-14 and Tariff orders from 2018-19. Tariff orders for 2018-19 & 2019-20 were issued on 25.08.2021 (after closure of the Financial year 2020-21) with a directive that APR petitions for those years should be filed within 3 months from the issuance of Tariff orders, where WBSEDCL duly complied with the timeline. Since the Tariff order for 2020-21 has not yet been issued, WBSEEDCL will file APR petition after issuance of Tariff order for 2020-21. Thus, the questions of issuance of APR orders for 2018-19,2019-20 & 2020-21 during the financial year 2020-21 did not arise at all, which involves Regulatory Receivables amounting to ₹ 8951.42 Crores.

From the above submission it is evident that out of the accumulated amounts, orders amounting ₹ 10629.15 crores (up to 2017-18) was actually due for crystallization, owing to non issuance of APR orders at the relevant times, though the respective APR petitions were submitted in due time.

During the Financial year 2021-22 annual performance review orders from 2013-14 to 2016-17 have been issued by WBERC where Regulator already admitted ₹ 4115.77 Crore to be passed on through Tariff. Out of that ₹ 603.25 Crore have been already passed through, in the tariff order for 2018-19 & 2019-20 issued on 25.08.2021. In addition to the above WBERC withheld ₹ 3228.77 Crore subject to submission of certain compliances. WBERC will consider claim amounting to Rs 590.03 crores as claimed in APR petition of 2018-19 on actual payment basis. Additionally Rs 1845.60 Crore has been disallowed on account of carrying cost which, as per interpretation of the company, is allowable as per National Tariff Policy-2016 & APTEL order. Hence Company has preferred to appeal before the Hon'ble Regulatory Commission/APTEL in this regard. Thus total of ₹ 9780.17 Crores was already settled out of ₹ 10629.15 crores actually due for crystallization as per current regulatory framework & structure. WBERC actually disallowed ₹ 848.98 crores for the period from 2013-14 to 2016-17 which is below 2% of average annual claim before Regulator. The entire disallowed amount of ₹ 848.98 crores shall be considered in the accounts of 2021-22 for which there would not be any material changes in the Profit & Loss Accounts of the Company. From the aforementioned status it is clear that there have been some significant movements in the state of affairs, as far as Regulatory Deferral Account Balance is concerned. The amounts admitted have apparently been in line with the claims made by WBSEDCL as Regulatory Deferral Debit Balance in its financial statements. Hence there is sufficient certainty of recovery of accumulated regulatory assets within the regulatory framework and the depiction of regulatory assets in the books of accounts is equally justifiable, reasonable and sustainable, evidently.