



# 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/ 328

Date: 10.01.2024.

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

**Sub: Submission of Audited Standalone and Consolidated Financial Results for the Financial Year ended 31.03.2023 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 Standalone and Consolidated Audited Financial Statements for the year ended 31.03.2023.
2. Management Reply on the comments of C & AG on the Standalone and Consolidated Audited Financial Statements for the year ended 31.03.2023.
3. Standalone and Consolidated Audited Financial Results for the year ended 31.03.2023 along with the Statutory Auditors Report.
4. Declaration for unmodified opinion in terms of SEBI circular no. CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May 2016.
5. Information under clause 52(4) of Chapter V of SEBI (LODR) Regulations, 2015 for the Year ended 31.03.2023.

**Enclosure: As stated.**

Yours faithfully,

Aparna Biswas . 10/01/2024  
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/2022-23/ 306

Date:- 09.08.2023

To  
The Chairman & Managing Director,  
West Bengal State Electricity Distribution Company Limited,  
Vidyut Bhavan, Bidhannagar,  
Block D.I, 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 2023

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 2023.

Encl: As stated.

Yours faithfully,

Senior 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 2023**

The preparation of financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2023, 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 24 May 2023.

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 2023 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 2023**

**Regulatory Deferral Account Debit Balance (Note-14): ₹ 20,014.06 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

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 at the end of the year 2022-23 is ₹ 20,014.06 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 have been trued-up by the WBERC up to the financial year 2021-22.

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 continued to account for RAs over the years 'under business as usual' conditions and as of 31 March 2023, an aggregate amount of ₹ 20,014.06 crore<sup>1</sup> appeared as recoverable which includes:

- carrying cost of ₹ 5,582.70 crore for the financial year 2013-14 to 2021-22, which was disallowed by WBERC in its APR Orders. However, as WBSEDCL preferred to appeal before APTEL for disallowance of carrying cost, there remains the inherent risk of the appeal not being disposed of in favour of the Company,
- income realisable through regulatory mechanism for the year 2022-23 of ₹ 4,932.08 crore, subject to application made before WBERC through APR petition and acceptance of the income realisable by WBERC through APR orders, however, there remains the regulatory risk and statutory risk of the amount not being realised by the Company, and
- withheld amount of ₹ 1,662.30 crore for the financial year 2013-14 to 2017-18, with recoverability of the same depending on submission of required compliance report to WBERC.

Further, WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011 to avoid accumulation of RAs. However, the Company had not revised MVCA rate for the last six years since July 2016. Statutory Auditor in their "Emphasis of Matter" paragraph

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<sup>1</sup> Amount admitted in APR order and Tariff Order-₹ 7,356.98 crore, Carrying cost under Appeal at APTEL (2013-14 to 2021-22)-₹ 5,582.70 crore, Withheld in APR orders (2013-14 to 2017-18)-₹ 1,662.30 crore, Claim for the year 2022-23-₹ 5,412.08 crore (NHPC Bill discounting instalment paid in 2022-23-₹ 480.00 crore and income realisable through regulatory mechanism for the year 2022-23-₹ 4,932.08 crore)

stated that recovery of excess power purchase cost through MVCA is not being exercised by the Company.

WBERC had increased average tariff in the past nine years from ₹ 6.56/- per unit in 2014- 15 to ₹ 7.12/- per unit in 2022-23, *i.e.*, an increase of 56 paisa 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 had intimated (July 2021) 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 ₹ 20,014.06 crore entirely 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**

**Dated at Kolkata**

**090823**

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



**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)/2022-23/ 307

Date:-09.08.2023

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 2023

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 2023.

Encl: As stated.

Yours faithfully,

  
Senior Deputy Accountant General  
(AMG-IV)

सी. जी. ओ. कम्प्लेक्स, डी. एफ. ब्लॉक, साल्ट लेक, कोलकाता - 700 064  
3<sup>rd</sup> MSO Building, 5<sup>th</sup> Floor, CGO Complex, DJ 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 2023**

The preparation of financial statements of West Bengal State Electricity Distribution Company Limited for the year ended 31 March 2023, 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 24 May 2023.

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 2023 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) 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**

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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 at the end of the year 2022-23 is ₹ 20,014.06 crore.

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- withheld amount of ₹ 1,662.30 crore for the financial year 2013-14 to 2017-18, with recoverability of the same depending on submission of required compliance report to WBERC.

Further, WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011 to avoid accumulation of RAs. However, the Company had not revised MVCA rate for the last six years since July 2016. Statutory Auditor in their "Emphasis of Matter" paragraph

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stated that recovery of excess power purchase cost through MVCA is not being exercised by the Company.

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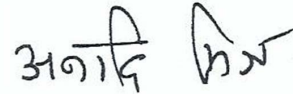
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The Company has recognised RAs without reasonably considering past trends of WBERC. Moreover, contrary to WBERC's directions, it had not revised the rate of MVCA since 2016. The State Government has also expressed their inability to liquidate RAs. Consequently, recovery of aggregate accumulated RAs of ₹ 20,014.06 crore entirely 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**

**Dated at Kolkata**

**090823**



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

**Management Reply on the Comments of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act 2013 on the Financial Statements of WBSEDCL for the year ended 31<sup>st</sup> March 2023.**

WBSEDCL operates within a Rate Regulated environment, adhering to both the financial reporting standards outlined in Ind AS 114 and a comprehensive Regulatory framework encompassing regulations, orders from Regulatory commissions, National Electricity Policy, National Electricity Plan, and Tariff Policy.

As far as Recoverability of aggregate regulatory Receivables of Rs 20014.06 Crore is concerned, it is imperative to analyze the components, nature, scope, value and associated risk element. Accordingly, out of Rs 20014.06 crore, Rs 7356.98 Crore stands principally admitted and accommodated in subsequent Tariff orders. Out of this Rs.7356.98 Crore , Rs.5506.38 Crore is already subsumed in the MYT order for 2023-24 to 2025-26. This indicates that a portion of the regulatory assets has been released and incorporated into the tariff structure.

The carrying cost of Rs 5,582.70 Crore, being a component permitted by the National Tariff Policy and Tariff Regulation to account for the delayed crystallization of Regulatory Assets, is currently under appeal at Hon'ble APTEL. In The order dated 20th April,2023 of APTEL the claim of Carrying cost by utilities has been upheld by Hon'ble APTEL. A recent development in this regard is the inclusion of a regulation on Carrying cost by Hon'ble WBERC through Notification:76/WBERC dated 13.03.2023. This new regulation specifies that Carrying cost shall be applied to Revenue Gap or Revenue surplus as determined in the APR and FPPCA order. Additionally, Hon'ble WBERC has already considered carrying cost as a legitimate cost element in their MYT orders for 2023-24 to 2025-26, signaling a positive trajectory for potential resolution at appropriate forum.

As far as withheld amount of Rs 1662.30 Crore is concerned, the figure pertains to elements like unpaid terminal liabilities as on 31.03.2018 against which company is supposed to make a compliance document corroborating the proof of discharge of payment to the Trust fund. Earlier the figure stood at 2556.60 crore after the issuance of APR order up to 2017-18. A significant portion of these payments has already been made to the Trust fund, and company is diligently working on submitting the required

compliance report to corroborate the proof of payment discharge after which the withheld amount is likely to be released by the Regulator, as it was done by the Regulator in its Order dated 23.11.2022 for Rs 1293.58 Crore.

Moreover, the component recognized in the financial statements of 2022-23 as income realizable through the regulatory mechanism amounting Rs 5412.08 Crore is inherently cyclical in nature due to the statutory requirement of submitting the APR petition by the utility by subsequent financial year's 30th November. The accounting of Regulatory Receivables of Rs 5412.08 crore (Including NHPC bill Discounting Amounting Rs 480 Crore) was done based on theory of conservatism and as per the requirement of Ind AS 114. It is likely that WBERC will release the entire amount in due course.

Additionally, State Generator WBPDCCL has started to use coal from its captive mines from 2018-19 onwards and WBPDCCL is utilizing major part of coal from its captive coal mines. The cost of captive coal is expected to be substantially lower than the price of coal of Coal India Limited (CIL), the transfer price of which has not yet been finalized by WBERC. The APR Orders of WBPDCCL have been issued only till 2017-18. Accordingly, power purchase cost of the State Generation Company is likely to be rationalized. As a result, regulatory assets are likely to be liquidated to a significant extent.

In this context it may be emphasized that financial practices of WBSEDCL is aligned with Ind AS 114 and the regulatory framework. Meticulous and conservative consideration of claims, assessment of likely disallowances ensures that regulatory deferral balances are maintained in line with the trend of claims admitted by the regulator. Moreover WBSEDCL strives to ensure proper impairment testing & disclosure so that regulatory deferral balances are carried at not more than their recoverable amount, going by the past trend. The situation is being actively monitored and company is working towards a concrete resolution roadmap for managing and addressing the Regulatory Assets issue.

In conclusion, it may be stated that there is apparent alignment between the amounts considered in the accounts of WBSEDCL, Regulatory Receivables acknowledged by WBERC and their subsequent recovery through the tariff mechanism, which validates the accuracy, likely sustainability and reasonableness of Regulatory Assets in the Financial Statement of WBSEDCL.

**Management Reply on the Comments of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act 2013 on the Consolidated Financial Statements of WBSEDCL for the year ended 31<sup>st</sup> March 2023.**

WBSEDCL operates within a Rate Regulated environment, adhering to both the financial reporting standards outlined in Ind AS 114 and a comprehensive Regulatory framework encompassing regulations, orders from Regulatory commissions, National Electricity Policy, National Electricity Plan, and Tariff Policy.

As far as Recoverability of aggregate regulatory Receivables of Rs 20014.06 Crore is concerned, it is imperative to analyze the components, nature, scope, value and associated risk element. Accordingly, out of Rs 20014.06 crore, Rs 7356.98 Crore stands principally admitted and accommodated in subsequent Tariff orders. Out of this Rs.7356.98 Crore, Rs.5506.38 Crore is already subsumed in the MYT order for 2023-24 to 2025-26. This indicates that a portion of the regulatory assets has been released and incorporated into the tariff structure.

The carrying cost of Rs 5,582.70 Crore, being a component permitted by the National Tariff Policy and Tariff Regulation to account for the delayed crystallization of Regulatory Assets, is currently under appeal at Hon'ble APTEL. In The order dated 20th April,2023 of APTEL the claim of Carrying cost by utilities has been upheld by Hon'ble APTEL. A recent development in this regard is the inclusion of a regulation on Carrying cost by Hon'ble WBERC through Notification:76/WBERC dated 13.03.2023. This new regulation specifies that Carrying cost shall be applied to Revenue Gap or Revenue surplus as determined in the APR and FPPCA order. Additionally, Hon'ble WBERC has already considered carrying cost as a legitimate cost element in their MYT orders for 2023-24 to 2025-26, signaling a positive trajectory for potential resolution at appropriate forum.

As far as withheld amount of Rs 1662.30 Crore is concerned, the figure pertains to elements like unpaid terminal liabilities as on 31.03.2018 against which company is supposed to make a compliance document corroborating the proof of discharge of payment to the Trust fund. Earlier the figure stood at 2556.60 crore after the issuance of APR order up to 2017-18. A significant portion of these payments has already been made to the Trust fund, and company is diligently working on submitting the required compliance report to corroborate



the proof of payment discharge after which the withheld amount is likely to be released by the Regulator, as it was done by the Regulator in its Order dated 23.11.2022 for Rs 1293.58 Crore.

Moreover, the component recognized in the financial statements of 2022-23 as income realizable through the regulatory mechanism amounting Rs 5412.08 Crore is inherently cyclical in nature due to the statutory requirement of submitting the APR petition by the utility by subsequent financial year's 30th November. The accounting of Regulatory Receivables of Rs 5412.08 crore (Including NHPC bill Discounting Amounting Rs 480 Crore) was done based on theory of conservatism and as per the requirement of Ind AS 114. It is likely that WBERC will release the entire amount in due course.

Additionally, State Generator WBPDCCL has started to use coal from its captive mines from 2018-19 onwards and WBPDCCL is utilizing major part of coal from its captive coal mines. The cost of captive coal is expected to be substantially lower than the price of coal of Coal India Limited (CIL), the transfer price of which has not yet been finalized by WBERC. The APR Orders of WBPDCCL have been issued only till 2017-18. Accordingly, power purchase cost of the State Generation Company is likely to be rationalized. As a result, regulatory assets are likely to be liquidated to a significant extent.

In this context it may be emphasized that financial practices of WBSEDCL is aligned with Ind AS 114 and the regulatory framework. Meticulous and conservative consideration of claims, assessment of likely disallowances ensures that regulatory deferral balances are maintained in line with the trend of claims admitted by the regulator. Moreover WBSEDCL strives to ensure proper impairment testing & disclosure so that regulatory deferral balances are carried at not more than their recoverable amount, going by the past trend. The situation is being actively monitored and company is working towards a concrete resolution roadmap for managing and addressing the Regulatory Assets issue.

In conclusion, it may be stated that there is apparent alignment between the amounts considered in the accounts of WBSEDCL, Regulatory Receivables acknowledged by WBERC and their subsequent recovery through the tariff mechanism, which validates the accuracy, likely sustainability and reasonableness of Regulatory Assets in the Financial Statement of WBSEDCL.



**R. GOPAL & ASSOCIATES**

CHARTERED ACCOUNTANTS

1/1A, Vansittart Row, 1st Floor

Room No. 6, Kolkata-700 001

Tel. : +91-33-2248-0021/3135

**INDEPENDENT AUDITORS' REPORT**

To the Members of West Bengal State Electricity Distribution Company Limited

**Report on the Audit of the Standalone Financial Statements****1. Opinion**

We have audited the accompanying Standalone Financial Statements of **West Bengal State Electricity Distribution Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of 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 Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

**2. Basis for Opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing ("SAs") 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

**3. Emphasis of Matter**

We draw attention to following Notes to the Standalone Financial Statements:

- i. Note No. 14 wherein Regulatory deferral account debit balance is Rs.2001406 Lakhs. While determining the tariff, Regulator kept the uncontrollable expenditures like average power purchase cost (which has increased significantly in last 6-7 years) at lower levels to accommodate the admitted regulatory assets. Moreover, the regulator provides a mechanism where it can recover the variance in power purchase cost through Monthly variable Cost Adjustment (MVCA) which is not being exercised by the Company. 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.



- ii. Note No. 14.10.(B) wherein it is stated that the amount withheld in Annual Performance Review (APR) Orders from 2013-14 to 2017-18 under Regulatory Deferral Account Debit Balances is Rs.166230 Lakhs. As per the explanations given by the management, the Company has fulfilled or in the process of fulfilment of the conditions as set forth by the regulator, West Bengal Electricity Regulatory Commission (WBERC) and accordingly this amount would be adjusted in subsequent years of tariff.
- iii. Note No. 14.10.(C) wherein it is stated that Carrying Cost under appeal to Appellate Tribunal for Electricity (APTEL) under Regulatory Deferral Account Debit Balances is Rs.558270 Lakhs. As per the explanations given by the management, carrying cost is admissible within the regulatory framework and APTEL has pronounced many judgements in this context.
- iv. Note No. 14.10.(D)(ii) wherein it is stated that APR 2022-23 application yet to be submitted is Rs.493208 Lakhs. Considerable part of the said amount includes the cost of Fuel & Power Purchases. Electricity (Amendment) Rules, 2022 was notified on 29<sup>th</sup> December, 2022 and provided the methodology for recovery of the costs, arising on account of the variation in the price of fuel, or power purchase costs through Fuel & Power Purchase Adjustment Surcharge (FPPAS) from the consumers. As per the explanations given by the management, its regulator, WBERC has not yet directed the methodology to be adopted and the time of its enforcement. Accordingly, FPPAS are not recovered from the consumers for the FY 2022-23.
- v. Note No. 6 wherein Inventory lying with Third Party is Rs.22984 Lakhs. Ageing analysis of Inventory Lying with Third Party represents Rs.7636 Lakhs which has remained unadjusted for more than one year & further balance confirmation also has not been obtained against these advances.
- vi. Note No. 7.9 wherein Trade Receivables (Considered Doubtful) Rs.371082 Lakhs. It is observed that Trade Receivables (Considered Doubtful) includes Rs.144959 Lakhs related to Non-Governmentdisconnected consumers whose collectability cannot be ascertained at present.
- vii. Note No. 5.5, which explains that the balance of Rs.15000 Lakhs of erstwhile West Bengal State Electricity Board (WBSEB) inherited by the Company. As per the information & explanations received from the management, these balances are still unreconciled.

Our opinion on the Standalone Financial Statements is not modified in respect of these matters.

#### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these 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:



Key Audit Matter	How our audit addressed the matter
<p><b>Accrual of Regulatory Income/Expense and corresponding asset / liability</b> (as described in Note No. 14 of the Standalone Financial Statements)</p> <p>The Company recognizes regulatory income / expense / assets/ liability based on its understanding and interpretation of Tariff orders and regulations notified by the West Bengal Electricity Regulatory Commission (WBERC), which are subject matter of Annual Performance Review (APR) and will be adjusted in tariffs to be notified in the future years. Management exercises judgement in estimating such amounts using past experience from the issued Tariff/ APR orders including interpretation of the regulations. In consideration of the significance of the amount of the regulatory balances, complexity and high degree of estimation involved in computation thereof, we identified accrual of regulatory balances as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We considered the Company's accounting policies with respect to accrual for regulatory deferrals and assessed compliance with applicable Ind AS.</p> <p>We have understood and carried out testing of the design and implementation of key financial controls related to accrual of such regulatory balances and its disclosure in the financial statements of the Company.</p> <p>We discussed with the management on the key assumptions and estimates used for recognition of these regulatory balances and corroborated them with the applicable regulatory provisions, APR orders, Tariff orders and underlying records of the Company.</p> <p>We discussed with the management on the consistency of its key assumptions and basis of estimation for all the years for which APR petition &amp; assessments are pending and also verified the arithmetical accuracy of such workings.</p> <p>We enquired from the management for notifications and correspondences with the regulator on the APR assessments issued during the financial year.</p> <p>We have assessed the adequacy of disclosures in accordance with the requirements of applicable Ind AS.</p>



<p><b>Litigations and Claims</b> (Refer Note No. 45 to the Standalone Financial Statements)</p> <p>Litigation and claims are pending with multiple tax and regulatory authorities and there are claims from vendors/suppliers and employees which have not been acknowledged as debt by the Company.</p> <p>In the normal course of business, financial exposures may arise from pending legal/regulatory proceedings and from above referred claims not acknowledged as debt by the company. Whether a claim needs to be recognized as liability or disclosed as a contingent liability in the Standalone Financial Statements or is considered as remote, is dependent on a number of significant assumptions and judgments made by the management. The amounts involved are potentially significant and determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective.</p> <p>We have considered Litigations and claims as Key Audit Matter because the estimates on which these amounts are based involve a significant degree of management judgment, including accounting estimates that involves high estimation uncertainty.</p>	<p>Our audit procedures included the following:</p> <p>Understood Management's internal instructions, process and control for determining and estimating the tax litigations, other litigations and claims and its appropriate accounting and/or disclosure.</p> <p>Tested key controls surrounding such litigations.</p> <p>Discussed pending matters with the Company's personnel with respect to status of cases of litigation and claims.</p> <p>Assessed management's conclusions through understanding precedents set in similar cases, placed reliance upon the expert opinions, wherever obtained by the management.</p> <p>We have assessed the adequacy and appropriateness of presentation and disclosure of the Contingent liabilities in the Standalone Financial Statements.</p>
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<p><b>Information Technology and General Controls</b></p> <p>The Company is dependent on its Information Technology ("IT") systems for processing and recording its transactions, including financial reporting processes.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>IT application controls are critical to ensure that changes to applications / files / information and underlying data are made in an appropriate manner and under controlled environment. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.</p> <p>MIS reports, relevant for financial reporting, have been developed and tested through internal and outsourced support arrangements and ultimately authenticated by the users.</p> <p>On account of the pervasive use of its IT systems and related control environment on the Company's financial reporting process, the testing of the general computer controls of the IT systems used in financial reporting has been considered to be a Key Audit Matter.</p>	<p>In assessing the integrity of the IT systems relevant for financial reporting, we obtained an understanding of the IT infrastructure and IT systems relevant to the Company's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls ('SAP'), through inquiries with the management and review of the reports of the Information system control audits done by a third party.</p> <p>Access rights were tested over applications, operating system, on a sample basis, which are relied upon for financial reporting. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel.</p> <p>Our audit included making necessary inquiries with the management, scrutiny of the report on 'IT audit and security' by a third-party expert, access security (including controls over privileged access), segregation of duties and delegation of authority.</p> <p>In response to the above IT requirements, enhancement of functionalities in IT System made during the year, we have tested the controls and performed additional substantive procedures of key general ledger account reconciliations.</p> <p>We also tested key automated and manual business cycle controls and logic for the reports generated through the IT infrastructure including those relating to MIS, that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statement, including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the Standalone Financial Statements.</p>
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## 5. Other Matters

- i. We have placed reliance on technical/commercial evaluation by the management with respect to the categorization and quantification of technical information within the regulatory framework related to the generation, distribution & trading of power and evaluation & timelines for completion of projects under progress.
- ii. The process of getting confirmation of Bank Guarantees as on 31-03-2023, from the issuing bank, is still in progress. Out of Rs.219907 Lakhs of Bank Guarantees, the Company has not yet obtained Confirmation of Rs.92121 Lakhs. The impact of non-receipt of balance confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.





- iii. The Company has not created any contingent liability related to a litigation on the applicability of the Revision of Pay and Allowances Rules, 2009 (ROPA), wherein Company may be required to pay to its employees, Dearness Allowance at Central Government rates from January' 2020.
- iv. Land as appearing in Note No. 1 of Property, Plant & Equipment (PPE) includes both freehold and lease hold land. We are unable to comment on whether any further adjustment in the amount of freehold/ leasehold land is necessary and its consequential effect on financial results of the company, if any.
- v. Ageing analysis of Loans and Advances to Staff could not be provided with complete accuracy. It is clarified by the 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.

Our opinion on the Standalone Financial Statements is not modified in respect of these matters.

#### **6. Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis and Report on Corporate Governance but does not include the Standalone Financial Statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

#### **7. Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern



and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **8. Auditor's Responsibilities for the Audit of 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls with reference to financial statements 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 auditors' 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 auditors' 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 Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

## 9. Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure-1**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except as stated under Annexure 2 of our Report;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flows dealt with by this Report are in agreement with the 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 the Companies (Indian Accounting Standards) Rules, 2015 as amended;
  - e. As per Notification number G.S.R. 463(E) dated 5<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
  - f. With respect to the adequacy of the Internal Financial Controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure 2**". Our Report expresses disclaimer of opinion on the operating effectiveness of the Company's internal control with reference to Standalone Financial Statements.
  - g. As per Notification number G.S.R. 463 (E) dated 5<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company; and
  - h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at 31.03.2023 on its financial position in its Standalone Financial Statements – Refer Note 45 to the Standalone Financial Statements;





- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 59(xi) to the Standalone Financial Statements;
- iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note No. 59(xii) to the Standalone Financial Statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note No.59(xiii) to the Standalone Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and  
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not paid any dividend during the year.

3. As required by section 143(5) of the Act, Report on Directions and Sub-Directions issued by the Comptroller and Auditor General of India, we give in "Annexure-3" a statement on the matters specified in the said Directions.

**For R Gopal & Associates**

Chartered Accountants

FRN: 000846C



**CA Sandeep Kumar Sawaria**

Partner

Membership No. 061771

UDIN:23061771BGVSEQ2440



Dated: May 24, 2023

Place: Kolkata

**Annexure - 1 to the Independent Auditors' Report on the Standalone Financial Statements of  
West Bengal State Electricity Distribution Company Limited for the year ended on 31 March 2023  
(Referred to in paragraph 9(1) under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date)**

- i. In respect of the Company's Property, Plant and Equipment (PPE) and Intangible Assets:
  - a.
    - The Company has not maintained proper records showing full particulars, including quantitative details, 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.
    - The Company has generally 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. During Financial year 2022-23, the Company has conducted the physical verification of selected items departmentally for which discrepancy is not material. However, the physical verification done has not been reconciled with Fixed Assets Register (FAR). Additionally, the company has engaged external consultant for 5 locations on pilot project basis to manage its Fixed Assets Register in line with various statutory requirements.  
**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 need 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. According to the information and explanations given to us, we report that the title/lease 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 freehold land of 3444.08 Acres, Title deeds are not available for 3115.21 Acre as reported in attached **Appendix-1**. Further status of Lease deeds pending to be executed for Leasehold lands are also reported in attached **Appendix-1**.
  - d. According to the information and explanation given to us and on the basis of our examination of the records, the Company has not revalued its Property, Plant and Equipment and intangible assets during the year. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable.
  - e. According to the information and explanation given to us and on the basis of our examination of the records of the company, there are no proceedings initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) According to the information and explanation given to us, the inventory (excluding inventory lying with third parties and material in transit) has been physically verified by the management during the year.





According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the coverage and procedure of such verification by the management is appropriate and no material discrepancies of 10% or more in the aggregate for each class of inventory between physical inventory and book records were noticed on such physical verification.

(b) According to the information and explanation given to us and on the basis of our examination of the records of the company, 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.24.6. The details are as follows:

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

Particulars	Current Assets (₹ In Lakhs)			
	Quarter ended on 30.06.2022	Quarter ended on 30.09.2022	Quarter ended on 31.12.2022	Quarter ended on 31.03.2023
Sundry Debtors and Inventory	5,07,331	6,62,421	4,59,730	4,54,694
Current Regulatory Assets	18,33,017	18,33,017	15,68,737	14,80,779
Total	23,40,348	24,95,438	20,28,467	19,35,473

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

Particulars	Current Assets (₹ In Lakhs)			
	Quarter ended on 30.06.2022	Quarter ended on 30.09.2022	Quarter ended on 31.12.2022	Quarter ended on 31.03.2023
Sundry Debtors and Inventory	4,72,023	6,22,333	4,20,592	4,20,255
Current Regulatory Assets	-	-	-	-
Total	4,72,023	6,22,333	4,20,592	4,20,255

- iii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records, during the year the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under clause 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the Director is interested to which provisions of section 185 of the Act apply. The provisions of section 186 of the Act, in our opinion, are not applicable to the Company.
- v. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public and hence provisions of Sections 73 to 76 and other relevant provision of the Act and Companies (Acceptance of Deposits) Rules, 2014 are not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records are being made and updated on regular basis. However, we have not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.



vii.

a. In our opinion and according to information and explanations given to us and based on the audit procedures performed by us, the undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues have generally been regularly deposited by the company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2023 for a period more than six months from the date of becoming payable.

b. According to the information and explanations given to us, the particulars of the dues of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess or other statutory dues, which have not been deposited by the company on account of any disputes pending before appropriate authorities are detailed in attached **Appendix-2**.

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year. Accordingly, the reporting under clause 3(viii) of the Order are not applicable.

ix. (a) In our opinion and according to the information and explanations given to 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 31.03.2023.

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) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the term loans were not applied for the purposes for which the 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.23058 lakhs, has been used for working capital purposes, i.e., long term funds were used for short term purposes (Refer note-24.7).

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that funds raised on short-term basis have been used for long-term purposes by the Company, e.g. Rs.157420 lakhs out of working capital



borrowing has been used for Capex (Refer note-24.7). 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) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its associate company. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its associate company. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable.

x.

(a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. (a) According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company, there were 6 (Six) cases of fraud/ misappropriation of company's fund to the extent of Rs 15 lakhs by its employees and officers.

(b) We have not submitted any report under subsection (12) of section 143 of the Companies Act, 2013 in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this audit report.

(c) As represented to us by the Management, there were no Whistle blower complaints received by the Company during the year and upto the date of this report.

xii. According to information and explanation given to us, in our opinion, the Company is not a Nidhi Company. Therefore, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given by the management and based on our examination, the transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable. The Company has disclosed the details of the related party transactions in the Notes to the Standalone Financial Statements, as required by the applicable Indian Accounting Standards.

xiv.

(a) The Company has an internal audit system manned by inhouse internal audit department & external agencies, which is not in commensurate with the size and nature of its business. In our opinion, the audit process needs to be further strengthened for identification of operational inefficiencies, process gaps, and emerging risks.

(b) Internal audit was partially performed during the year as per audit plan approved by the Board of Directors of the Company.





- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, reporting under clause 3(xv) of the Order is not applicable to the company.
- xvi. (a) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations provided to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. Based on our examination of the books and records of the Company, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, reporting under clause 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the Statutory Auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



- xx. a) In respect of ongoing projects, as the Company has not produced before us any Fund Utilisation Certificates related to the amount spend during the year on Corporate Social Responsibility (CSR), therefore, we are unable to ascertain the amount to be transferred to a to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.
- (b) In respect of ongoing projects, as the Company has not produced before us any Fund Utilisation Certificates related to the amount spend during the year on Corporate Social Responsibility (CSR), therefore, we are unable to ascertain the amount to be transferred to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

**For R Gopal & Associates**

Chartered Accountants

FRN: 000846C



**CA Sandeep Kumar Sawaria**

Partner

Membership No. 061771

UDIN: 23061771BGVSEQ2440



Dated: May 24, 2023

Place: Kolkata



## **Annexure - 2 to Independent Auditors' Report**

**(Referred to in paragraph 9 (3) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

#### **To the Members of West Bengal State Electricity Distribution Company Limited**

We have audited the Internal Financial Controls with reference to Standalone Financial Statements of West Bengal State Electricity Distribution Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibilities for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining Internal Financial Controls with reference to the Standalone Financial Statements 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 the 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls with reference to Standalone Financial Statements 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 as specified under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls with reference to Standalone Financial Statements. 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Standalone Financial Statements included obtaining an understanding of such Internal Financial Controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls with reference to Standalone Financial Statements.

#### **Meaning of Internal Financial Controls with reference to Standalone Financial Statements**



A Company's Internal Financial Control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal financial control with reference to Standalone Financial Statements 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of Internal Financial Controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the Internal Financial Control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Disclaimer of Opinion**


According to the information and explanation given to us and based on our audit, as informed to us, during the year, the Company has established a framework for internal financial controls with reference to Standalone Financial Statements on the criteria based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. In this regard, the Company has identified various risks and the related controls. However, as informed to us, the Company has partially tested these controls for their operating effectiveness during the year. Further, the Company has provided to us only partial information/ data for our testing of the controls for their operating effectiveness. In the absence of testing of the design of all documented risks and controls and their operating effectiveness, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial control over financial reporting and whether such internal financial control is operating effectively as on 31 March, 2023. Accordingly, we do not express any opinion on the adequacy of the internal financial controls and the operating effectiveness thereof as at 31 March 2023.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company, and the disclaimer does not affect our opinion on the Standalone Financial Statements of the Company.

**For R Gopal & Associates**

Chartered Accountants

FRN: 000846C

  
**CA Sandeep Kumar Sawaria**

Partner

Membership No. 061771

UDIN: 23061771BGVSEQ2440



Dated: May 24, 2023

Place: Kolkata

## Appendix-1

(As referred in clause No. (i)(c) of Annexure -1 to the Independent Auditors' Report)

Cases where the title/lease deeds of immovable properties are not held in the name of Company

### A. Freehold land

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	2	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		48					53.50
Birbhum		15					27.44
Coochbehar		100					33.17
Dakshin Dinajpur		8					17.90
Darjeeling		441					833.43
Hooghly		4					13.62
Howrah		143					34.76
Jalpaiguri		108					53.82
Jhargram		47					12.57
Kalimpong		29					220.70
Malda		92					29.37
MSD		133					47.64
Nadia		159					55.58
North 24 PGS		300					125.75
Paschim Burdwan		15					28.66
Paschim Medinipur		156					57.72
Purba Burdwan		36					61.93
Purba Medinipur		237					45.47
Purulia		110					1044.04
South 24 PGS		220					71.40
Uttar Dinajpur		162					239.84
<b>Grand Total</b>		<b>2586</b>					<b>3115.21</b>

\*As per the explanation received from management no further deeds/indentures of conveyance are required in case of acquisition & inheritance.

### B. Leasehold Land

Nature of land	Distribution (In Acre)	Generation (In Acres)	Total	Deed Executed (Dist. + Gen) (No)	Deed pending to be executed (Dist. + Gen) (No)
Leasehold	268.95	1472.83	1741.78	116	188





**Appendix-2**

**(As referred in clause No. (vii)(b) to in Annexure -1 to the Independent Auditors' Report)**

**Details of disputed statutory dues**

**(Amount in Rs Lakhs)**

<b>Disputed Dues of Income Tax, Sales Tax/VAT, Service Tax as on 31.03.2023</b>					
<b>Sl no</b>	<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount (INR Lakh)</b>	<b>PERIOD</b>	<b>FORUM</b>
1	West Bengal Sales Tax Act 1994	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	13	2001-2002	Ld.ACCT/PG Circle
2	West Bengal Sales Tax Act 1994	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	253	2002-2003	West Bengal Commercial taxes Appellate and Revisional Board
3	West Bengal Value Added Tax Rules 2003	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	287	2003-2004	Ld.DCCT/PG Circle
4	West Bengal Value Added Tax Rules 2003	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	304	2004-2005	West Bengal Commercial taxes Appellate and Revisional Board (filed on 14.07.2010)
5	West Bengal Value Added Tax Rules 2005	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	375	2005-2006	West Bengal Commercial taxes Appellate and Revisional Board (filed on 14.07.2010)
6	West Bengal Value Added Tax Rules 2005	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	661	2006-2007	West Bengal Commercial taxes Appellate and Revisional Board (filed on 05.07.2011)
7	West Bengal Value Added Tax Rules 2005	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	620	2007-2008	West Bengal Commercial taxes Appellate and Revisional Board (filed on 02.03.2012)
8	West Bengal Value Added Tax Rules 2005	Demand relating to Sales Tax on (a) Meter Rental (b) Meter Boxes Charge & allied matters	12	2008-2009	West Bengal Commercial taxes Appellate and Revisional Board (Filed on 02.01.2012)
9	Municipal Taxes	Due related with Property Tax	548	2012-13 to 2018-19	Different Municipalities
10	Income Tax Act'1961	TDS related demand	65	2007-08 to 2021-22	ITO under respective jurisdiction .
11	Service Tax	Rental Income	74	2207-08 to 2010-11	Hon'ble Customs, Excise & Service Tax Appellate Tribunal.
			<b>3213</b>		





**Annexure - 3 to the Independent Auditors' Report on the Standalone Financial Statements of  
West Bengal State Electricity Distribution Company Limited for the year ended on 31 March 2023  
(Referred to in paragraph 9(3) under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date)**

Directions u/s 143(5) of the Act for year 2022-23	Auditor's reply on the action taken on the directions
1) Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transaction outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system, namely SAP. Based on the audit procedures carried out and as per the information and explanations given to us, no accounting transactions have been processed / carried outside the IT system. Accordingly, there are no implications on the integrity of the accounts.
2) 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. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company)	<p><b>Loan/Debt where Company is borrower:</b> Based on the audit procedures carried out and as per the information and explanations given to us, there were no cases of restructuring or waivers / write-off of debts/ loans/ interest etc. by any lender, due to the Company's inability to repay the loan during the FY 2022-23.</p> <p><b>Loan/Debt where Company is lender:</b> Based on the audit procedures carried out and as per the information and explanations given to us, there were no cases of restructuring or waivers / write-off of debts/ loans/ interest etc. during the FY 2022-23 with regard to amounts lent by the company to the other parties.</p>
3) Whether funds (Grant/ subsidy etc.) 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.	Based on the audit procedures carried out and as per the information and explanations given to us, the funds (Grant/ subsidy) received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized as per its term and conditions except that 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.



Sector Specific Sub-directions u/s 143(5) of the Act for year 2022-23	Auditor's reply on the action taken on the Sub-directions
1) Report on the efficacy of the system of billing and collection of revenue in the Company.	The Company is operating at a billing efficiency which is in the tune of 83.28%. 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.
2) 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.	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.
3) In the case of hydroelectric projects, the water discharge is as per policy/guidelines issued by the State government to maintain biodiversity. For not maintaining it penalty paid/payable may be reported.	The Company follows the policy/guidelines issued by the State Government for water discharge from hydroelectric projects to maintain biodiversity. Based on the audit procedures carried out and as per the information and explanations given to us, the Company has not paid any penalty for violation of any rules or policies in this respect.
4) How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	The Company had undertaken 125MW Ph-I Solar Park Project at Dadanpatrabar. Mania, Dakshin Purushtampur under Ramnagar -II Block at Purba Medinipur District, West Bengal with Budgetary provision of Rs. 750.00 Crore. The project was to be funded by KFW Development Bank, Germany to the extent of Rs. 600.00 Crore and the balance Rs. 150.00 crore was proposed to be funded by the Government of West Bengal through issue of equity shares to WBSEDCL. Subsequently, however, the West Bengal Industrial Development Corporation (WBIDC) vide letter reference DO. No. 379-SEC/AEC /2020 dated 07.09.2020 (Signed on 7.9.2021 by CEO & MD), directed that the land earmarked for Solar Park Project would be used for construction of Deep Sea Port at Tajpur. For soil Embankment work of this project necessary order was placed to TansamEngg. &Constn. Co. Ltd. for the amount Rs. 37.80 crore. Later on the embankment work was short-closed due to abandonment of this project due to construction of deep sea port and shifting of the project to Goaltore Paschim Medinipur. Total short closed value of the vendor comes to Rs. 27.78 crore (against which a payment of Rs. 6.29 crore



	<p>has already been paid through the equity raised in FY 2021-2022) . The Company -WBSEDCL intimated to the Government of West Bengal for requisition of funds towards balance amounting to Rs. 21.49 crore consequent to the abandonment of this Solar Park Project. Since the amount is to be reimbursed by the Government of West Bengal, the Company has explained to have not incurred any loss on account of this abandoned project and hence neither any expenditure is written off nor provided for in the books of accounts of the Company.</p>
<p>5) Compliance with respect to guidelines and instructions circulated by the Department of Public Enterprises regarding Corporate Social Responsibility (CSR) Activities have been followed while incurring expenditure on account of CSR.</p>	<p>The Company falls within the purview of the Companies Act, 2013, the Position is as follows:</p> <p>In respect of ongoing projects &amp; other than ongoing projects, as the Company has not produced before us any Fund Utilisation Certificates related to the amount spent during the year on Corporate Social Responsibility (CSR), therefore, we are unable to ascertain the amount to be transferred to a to the Fund specified for this purpose.</p> <p>However, Rs.47,00,000 pursuant to ongoing projects, has been transferred to a special account within a period of 30 days from the end of the said financial year.</p> <p>Since the Company is a State Government undertaking and not a Central Public Sector Enterprises the guidelines issued by The Department of Public Enterprises is not applicable to the Company.</p>



**Standalone Financial Statements  
2022-23**



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
Standalone Balance Sheet as at 31st March 2023				
Particulars		Note No	As at 31st March 2023	As at 31st March 2022
			(₹ in Lakhs)	
			Audited	Audited
ASSETS				
1 Non-Current Assets				
(a)	Property,Plant and Equipment	(1)	29,87,184	26,47,340
(b)	Capital Work-in-progress	(1)	80,979	2,65,546
(c)	Other Intangible Assets	(1)	4,348	5,133
(d) Financial Assets				
(i)	Investments	(2)	505	397
(ii)	Trade Receivables	(3)	-	-
(iii)	Other Financial Assets	(4)	386	2,046
(e)	Other Non-Current Assets	(5)	1,35,496	1,73,004
Total Non-Current Assets			32,08,898	30,93,466
2 Current Assets				
(a)	Inventories	(6)	47,895	47,141
(b) Financial Assets				
(i)	Trade Receivables	(7)	7,90,126	7,54,669
(ii)	Cash and Cash Equivalents	(8)	38,897	53,859
(iii)	Bank Balances other than (ii) above	(9)	69,616	91,096
(iv)	Loans	(10)	1,666	1,943
(v)	Other Financial Assets	(11)	58,235	50,882
(c)	Other Current assets	(12)	10,297	10,592
(d)	Assets Classified As Held for Sale	(13)	1,473	336
Total Current Assets			10,18,205	10,10,518
Total Assets			42,27,103	41,03,984
Regulatory Deferral Account Debit Balance		(14)	20,01,406	18,33,017
Total Assets and Regulatory Deferral Account Debit Balance			62,28,509	59,37,001
EQUITY AND LIABILITIES				
Equity				
(a)	Equity Share Capital	(15)	2,86,734	2,48,089
(b) Other Equity				
(i)	Reserve and Surplus	(16)	75,537	41,922
Total Equity			3,62,271	2,90,011
Deferred Government Grants & Consumers' Contributions		(17)	21,19,469	19,91,790
Liabilities				
1 Non-Current Liabilities				
(a) Financial Liabilities				
(i)	Borrowings	(18)	8,26,771	7,45,969
(ii)	Trade Payables	(19)	-	-
(iii)	Security Deposit from Consumers	(20)	5,44,505	4,81,482
(iv)	Other Financial Liabilities	(21)	22,381	25,799
(b) Deferred Tax Liabilities (Net)		(22)	-	-
(c) Other Non-Current Liabilities				
(i)	Provisions	(23)	43,500	40,396
Total Non-Current Liabilities			14,37,157	12,93,646
2 Current Liabilities				
(a) Financial Liabilities				
(i)	Borrowings	(24)	8,31,907	8,99,243
(ii)	Trade Payables	(25)	11,01,097	9,60,638
(iii)	Security Deposit from Consumers	(26)	8,103	14,748
(iv)	Other Financial Liabilities	(27)	1,48,554	1,91,438
(b)	Employee Benefit Obligations	(28)	17,475	13,912
(c)	Provisions	(29)	1,48,951	2,29,097
(d)	Other Current Liabilities	(30)	53,525	52,478
Total Current Liabilities			23,09,612	23,61,554
Total Liabilities			37,46,769	36,55,200
Total Equity ,Liabilities & Deferred Government Grants & Consumers' Contributions			62,28,509	59,37,001

Notes forming part of Standalone Financial Statements 1 to 61

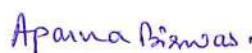
This is the Balance Sheet referred to in our Report of even date.

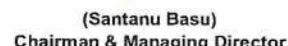
For R. Gopal & Associates,  
Chartered Accountants  
FR No. 000846C

For & on behalf of the Board

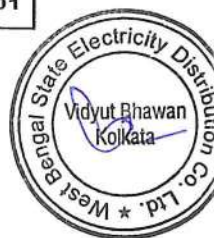
  
Sandeep Kumar Sawaria  
Partner

  
(D. Roychoudhury)  
Director (Finance)  
DIN: 10043674

  
(Aparna Biswas)  
Company Secretary  
Membership No: F8886

  
(Santanu Basu)  
Chairman & Managing Director  
DIN: 07218581

Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSEQ2440  
Place: Kolkata  
Date: 24th May 2023



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
Standalone Statement of Profit and Loss for the period ended 31st March 2023				
Particulars		Note No	2022-23	2021-22
			(₹ in Lakhs)	
<b>1</b>	<b>Income from Operations</b>		<b>Audited</b>	<b>Audited</b>
(a)	Revenue from Sale of Power	(31)	27,88,675	25,98,653
(b)	Other Operating Revenue	(32)	72,203	68,052
(c)	Other Income	(33)	1,29,575	1,10,592
	<b>Total Income</b>		<b>29,90,453</b>	<b>27,77,297</b>
<b>2</b>	<b>Expenses:</b>			
(a)	Purchases of Power, Transmission Charges	(34)	25,26,864	20,10,056
(b)	Changes in Swap	(34A)	-	-
(c)	Employee Benefits Expenses	(35)	1,51,857	1,99,829
(d)	Finance Costs	(36)	1,84,580	1,77,651
(e)	Depreciation & Amortization	(37)	1,28,666	1,20,735
(f)	Other Expenses	(38)	1,63,840	1,64,324
(g)	Expenditure on Corporate Social Responsibility	(39)	220	199
	<b>Total Expenses</b>		<b>31,56,027</b>	<b>26,72,794</b>
<b>3</b>	<b>Profit/(Loss) before Net Movements in Regulatory Deferral Accounts balance &amp; Tax (1-2)</b>		<b>(1,65,574)</b>	<b>1,04,503</b>
<b>4</b>	<b>Net movement in Regulatory Deferral Account balances related to Profit &amp; Loss</b>	(40)	<b>1,68,389</b>	<b>(1,25,040)</b>
	<b>[Net of Other Comprehensive Income- Note:6 (a) below]</b>			
<b>5</b>	<b>Profit (+) /Loss (-) after Net Movements in Regulatory Deferral Accounts balance &amp; before Tax (3+4)</b>		<b>2,815</b>	<b>(20,537)</b>
<b>6</b>	<b>Tax Expense:</b>	(42)		
	Current Tax		714	0
	Sub-total		714	0
<b>7</b>	<b>Net Profit (+) /Loss (-) for the period &amp; net movement in Regulatory deferral account balances(5-6)</b>		<b>2,101</b>	<b>(20,537)</b>
<b>8</b>	<b>Other Comprehensive Income</b>	(41)		
	Items that will not be reclassified to profit or loss			
(a)	Re-measurements of post-employment benefit obligations [this forms part of the Net Movement in Regulatory Account Balances - Note:4 above]		3,841	29,799
(b)	<b>Tax Expense:</b>	(42)		
	Provision for Income Tax after considering Other Comprehensive Income		671	2,425
	Other comprehensive income for the year net of tax (a-b)		3,170	27,374
<b>9</b>	<b>Total Comprehensive Income for the Period (7+8)</b>		<b>5,271</b>	<b>6,837</b>
	<b>(Comprising Profit (Loss) and Other Comprehensive Income for the Period)</b>			
<b>10</b>	<b>Earning per Equity Share of face value of ₹ 10 each</b>			
(a)	Basic EPS - ( in ₹)		(6.25)	4.21
(b)	Diluted EPS - ( in ₹)		(6.25)	4.21
(c)	Basic EPS including Net Movement in Regulatory Deferral Account balances after tax ( in ₹)		0.05	(0.95)
(d)	Diluted EPS including Net Movement in Regulatory Deferral Account balances after tax ( in ₹)		0.05	(0.95)

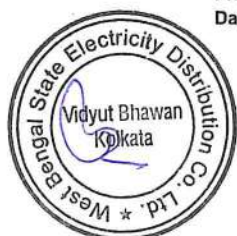
Notes forming part of Standalone Financial Statements 1 to 61

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

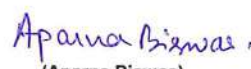
For R. Gopal & Associates.  
Chartered Accountants  
FR No. 000846C



Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSEQ2440  
Place: Kolkata  
Date: 24th May 2023



  
(D. Roychoudhury)  
Director (Finance)  
DIN:10043674

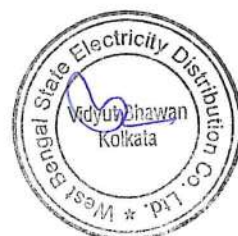
  
(Aparna Biswas)  
Company Secretary  
Membership No: F8886

For & on behalf of the Board

  
(Santanu Basu)  
Chairman & Managing Director  
DIN:07218581



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2023				
Sl. No.	Particulars	Note/Reconciliation reference	2022-23	2021-22
			(₹ in Lakhs) Audited	Audited
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
	Net Profit/(Loss) Before Taxation	Recon-1	6656	9262
	Adjustment For:			
	Depreciation	37	128666	120735
	Interest and Financial Charges	Recon-2	145426	143133
	Bad & Doubtful Debts Provision and Expected Credit Loss	Recon-3	880	6510
	Loss on demolition, retirement of fixed asset	38 (D)	-	4,907
	Loss on obsolescence of Inventory	38 (D)	100	2,283
	Excess Provision Written Back	33	(108)	(11170)
	Profit on sale of fixed asset	38	(287)	0
	Interest accrued on non current Transmission Liability & & Notional Interest on Govt. Loan	33	(8500)	(7161)
	Interest accrued on non current Capital Liability	33	(152)	(1826)
	Interest/Dividend etc. Income	33	(798)	(880)
	<b>Operating Profit Before Working Capital Change (1)</b>		<b>2,71,884</b>	<b>2,65,794</b>
	Adjustment For:			
	Stores & Spares	6	(754)	110
	Sundry Debtors	3 & 7	(157538)	(46701)
	Other Current & non Current Assets	4, 5 and 12	1955	555
	Loans & Advances	10 and 11	(6556)	5594
	Liabilities & Provision, etc.	25, 26, 27, 28, 29, 30, 19, 20 & 21	(287045)	(216127)
	<b>Changes in working capital (2)</b>		<b>(4,49,938)</b>	<b>(2,56,570)</b>
	Regulatory Deferral Account (3)	14	(168683)	121061
	<b>Cash Generation from Operation [4=(1+2+3)]</b>		<b>(3,46,738)</b>	<b>1,30,285</b>
	Tax paid (4)		2038	2108
	<b>NET CASH FROM OPERATING ACTIVITIES [(A)=3-4]</b>		<b>(3,48,776)</b>	<b>1,28,177</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Decrease (Increase) in Fixed Assets	1, 13 & 33	(82116)	(264262)
	Decrease (Increase) in Capital Work in Progress	1	184567	(68910)
	(Increase)/Decrease in Investments	2 & 9	21372	(3158)
	Interest/Dividend Income	Recon-4	8930	9942
	Other Non Current Asset-Capital Advance	5	38161	44970
	<b>NET CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>		<b>170914</b>	<b>(281418)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Gross Proceeds from Borrowing	18 & 24	81588	180859
	Repayment of Borrowing		(53285)	(76634)
	Proceeds from Share Capital & Share Application Money & reserves	Recon-5	66989	11500
	Proceeds from Consumers contribution & capital subsidy	17	218983	193453
	Interest & Financial Charges.	Recon-6	(151375)	(154093)
	<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>		<b>1,62,900</b>	<b>1,55,085</b>
	<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		<b>(14,962)</b>	<b>1,845</b>
	<b>CASH and CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>53859</b>	<b>52014</b>
	<b>CASH and CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b>38,897</b>	<b>53,859</b>



Reconciliations		(₹ in Lakhs)	
Reconciliation-1 on Net Profit/(Loss) Before Taxation	Note	2022-23	2021-22
Total Comprehensive Income	Statement of P/L	5271	6837
Provision for income tax on post employment benefit obligation		0	0
Current Tax		1385	2425
<b>Net Profit/(Loss) Before Taxation</b>		<b>6656</b>	<b>9262</b>
Reconciliation-2 on Interest and Finance Charges	Note	2022-23	2021-22
Finance Cost	36	184580	177651
Interest on Consumer Security Deposit	36	(28577)	(25513)
Transaction Cost on Capital Bond	36	(17)	(17)
Interest accrued on liability for purchase of power & Notional Interest on Govt. Loan	36	(8881)	(7161)
Interest accrued on liability for capital supplies/works	36	(1679)	(1826)
<b>Interest and Finance Charges</b>		<b>145426</b>	<b>143133</b>
Reconciliation-3 on Bad & Doubtful Debts Provision and Expected Credit Loss	Note	2022-23	2021-22
Provision for bad and doubtful debt	38 (D)	0	5840
Provision for expected credit loss		880	670
<b>Bad &amp; Doubtful Debts Provision and Expected Credit Loss</b>		<b>880</b>	<b>6510</b>
Reconciliation-4 on Interest/Dividend Income	Note	2022-23	2021-22
Interest from bank on fixed deposit and other deposits	33	798	880
Interest accrued on non current Transmission Liability	33	8,500	7,161
Interest accrued on non current Capital Liability	33	152	1,826
Accrued Income-Opening	11	1,792	1,868
Accrued Income-Closing	11	(2312)	(1792)
<b>Interest/Dividend Income</b>		<b>8930</b>	<b>9942</b>
Reconciliation-5 Proceeds from Share Capital & Share Application Money and Reserves	Note	2022-23	2021-22
Difference of Opening and closing Equity Share Capital	15	38,645	11,500
Reserve for unforeseen exigencies-DPL (Retained earnings NTESCL)	16	-	-
Share pending allotment	16	28,344	-
<b>Proceeds from Share Capital &amp; Share Application Money and reserves</b>		<b>66989</b>	<b>11500</b>
Reconciliation-6 Interest & Financial Charges.	Note	2022-23	2021-22
Interest & Financial Charges as per reconciliation-2	Recon-2	(145426)	(143133)
Accrued Expenses-Opening	27	(36437)	(47397)
Accrued Expenses-Closing	27	30488	36437
<b>Interest &amp; Financial Charges.</b>		<b>(151375)</b>	<b>(154093)</b>

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

For R. Gopal & Associates.  
Chartered Accountants  
FR No. 000846C



Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSEQ2440  
Place: Kolkata  
Date: 24th May 2023

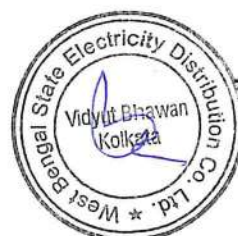


For & on behalf of the Board

  
(D. Roychoudhury)  
Director (Finance)  
DIN: 10043674

  
(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 2023					
(₹ in Lakhs)					
A. Equity share capital					
As at 31st March 2021					2,36,589
Changes in equity share capital					11,500
As at 31st March 2022					2,48,089
Changes in equity share capital					38,645
Balance at 31st March 2023					2,86,734
B. Other Equity					
Particulars	Reserve and Surplus				Total
	Power Purchase Fund	Reserve for Unforeseen Exigencies	Debenture Redemption Reserve	Retained Earnings	
	(₹ in Lakhs)				
Balance at 31st March 2021	-	15,873	15,783	3,429	35,086
Profit 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
Profit for the year				2,101	2,101
Other comprehensive income				3,170	3,170
Total	371	15,769	17,450	13,603	47,193
Transfer to debenture redemption reserve			1,667	(1,667)	-
Pending allotment of Share Application money of current year	28,344				28,344
Balance at 31st March 2023	28,715	15,769	19,117	11,936	75,537

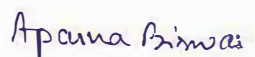
This is the Statement of Changes in Equity referred to in our Report of even date.

For R. Gopal & Associates,  
Chartered Accountants  
FR No. 000846C

For & on behalf of the Board



  
(D. Roychoudhury)  
Director (Finance)  
DIN:10043674

  
(Aparna Biswas)  
Company Secretary  
Membership No: F8886

  
(Santanu Basu)  
Chairman & Managing Director  
DIN:07218581

Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSEQ2440  
Place: Kolkata  
Date: 24th May 2023



**INDEPENDENT AUDITORS' REPORT****To the Members of West Bengal State Electricity Distribution Company Limited****Report on the Audit of the Consolidated Financial Statements****1. Opinion**

We have audited the accompanying consolidated financial statements of West Bengal State Electricity Distribution Company Limited ("the Company") and its associate, West Bengal Green Energy Development Company Limited (the Company and its associate together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of 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 Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023 and its consolidated profit (including other comprehensive income), consolidated changes in equity and consolidated cash flows for the year then ended.

**2. Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") 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 Group 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**3. Emphasis of Matter**

We draw attention to the following matters in the notes to the Consolidated Financial Statements:

- i. Note No. 14 wherein Regulatory deferral account debit balance is Rs.2001406 Lakhs. While determining the tariff, Regulator kept the uncontrollable expenditures like average power purchase cost (which has increased significantly in last 6-7 years) at lower levels to accommodate the admitted regulatory assets. Moreover, the regulator provides a mechanism where it can recover the variance in power purchase cost through Monthly variable Cost Adjustment (MVCA) which is not being exercised by the Company. 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.

- ii. Note No. 14.10.(B) wherein it is stated that the amount withheld in Annual Performance Review (APR) Orders from 2013-14 to 2017-18 under Regulatory Deferral Account Debit Balances is Rs.166230 Lakhs. As per the explanations given by the management, the Company has fulfilled or in the process of fulfilment of the conditions as set forth by the regulator, West Bengal Electricity Regulatory Commission (WBERC) and accordingly this amount would be adjusted in subsequent years of tariff.
- iii. Note No. 14.10.(C) wherein it is stated that Carrying Cost under appeal to Appellate Tribunal for Electricity (APTEL) under Regulatory Deferral Account Debit Balances is Rs.558270 Lakhs. As per the explanations given by the management, carrying cost is admissible within the regulatory framework and APTEL has pronounced many judgements in this context.
- iv. Note No. 14.10.(D)(ii) wherein it is stated that APR 2022-23 application yet to be submitted is Rs.493208 Lakhs. Considerable part of the said amount includes the cost of Fuel & Power Purchases. Electricity (Amendment) Rules, 2022 was notified on 29<sup>th</sup> December' 2022 and provided the methodology for recovery of the costs, arising on account of the variation in the price of fuel, or power purchase costs through Fuel & Power Purchase Adjustment Surcharge (FPPAS) from the consumers. As per the explanations given by the management, its regulator, WBERC has not yet directed the methodology to be adopted and the time of its enforcement. Accordingly, FPPAS are not recovered from the consumers for the FY 2022-23.
- v. Note No. 6 wherein Inventory lying with Third Party is Rs.22984. Ageing analysis of Inventory Lying with Third Party represents Rs.7636 Lakhs which has remained unadjusted for more than one year & further balance confirmation also has not been obtained against these advances.
- vi. Note No. 7.9 wherein Trade Receivables (Considered Doubtful) Rs.371082 Lakhs. It is observed that Trade Receivables (Considered Doubtful) includes Rs.144959 Lakhs related to Non-Government disconnected consumers whose collectability cannot be ascertained at present.
- vii. Note No. 5.5, which explains that the balance of Rs.15000 Lakhs of erstwhile West Bengal State Electricity Board (WBSEB) inherited by the Company. As per the information & explanations received from the management, these balances are still unreconciled.

Our opinion on the Consolidated Financial Statements is not modified in respect of these matters.

#### 4. 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 for the year ended March 31, 2023. 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. For each matter below, description of how the matter was addressed in our audit is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report:





Key Audit Matter	How our audit addressed the matter
<p><b>Accrual of Regulatory Income/Expense and corresponding asset / liability</b></p> <p><b>(as described in Note No. 14 of the Consolidated Financial Statements)</b></p> <p>The Company recognizes regulatory income / expense / assets/ liability based on its understanding and interpretation of Tariff orders and regulations notified by the West Bengal Electricity Regulatory Commission (WBERC), which are subject matter of Annual Performance Review (APR) and will be adjusted in tariffs to be notified in the future years. Management exercises judgement in estimating such amounts using past experience from the issued Tariff/ APR orders including interpretation of the regulations. In consideration of the significance of the amount of the regulatory balances, complexity and high degree of estimation involved in computation thereof, we identified accrual of regulatory balances as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We considered the Company's accounting policies with respect to accrual for regulatory deferrals and assessed compliance with applicable Ind AS.</p> <p>We have understood and carried out testing of the design and implementation of key financial controls related to accrual of such regulatory balances and its disclosure in the financial statements of the Company.</p> <p>We discussed with the management on the key assumptions and estimates used for recognition of these regulatory balances and corroborated them with the applicable regulatory provisions, APR orders, Tariff orders and underlying records of the Company.</p> <p>We discussed with the management on the consistency of its key assumptions and basis of estimation for all the years for which APR petition &amp; assessments are pending and also verified the arithmetical accuracy of such workings.</p> <p>We enquired from the management for notifications and correspondences with the regulator on the APR assessments issued during the financial year.</p> <p>We have assessed the adequacy of disclosures in accordance with the requirements of applicable Ind AS.</p>





<p><b>Litigations and Claims</b></p> <p><b>(Refer Note No. 45 to the Consolidated Financial Statements)</b></p> <p>Litigation and claims are pending with multiple tax and regulatory authorities and there are claims from vendors/suppliers and employees which have not been acknowledged as debt by the Company.</p> <p>In the normal course of business, financial exposures may arise from pending legal/regulatory proceedings and from above referred claims not acknowledged as debt by the company. Whether a claim needs to be recognized as liability or disclosed as a contingent liability in the Consolidated Financial Statements or is considered as remote, is dependent on a number of significant assumptions and judgments made by the management. The amounts involved are potentially significant and determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective.</p> <p>We have considered Litigations and claims as Key Audit Matter because the estimates on which these amounts are based involve a significant degree of management judgment, including accounting estimates that involves high estimation uncertainty.</p>	<p>Our audit procedures included the following:</p> <p>Understood Management's internal instructions, process and control for determining and estimating the tax litigations, other litigations and claims and its appropriate accounting and/or disclosure.</p> <p>Tested key controls surrounding such litigations.</p> <p>Discussed pending matters with the Company's personnel with respect to status of cases of litigation and claims.</p> <p>Assessed management's conclusions through understanding precedents set in similar cases, placed reliance upon the expert opinions, wherever obtained by the management.</p> <p>We have assessed the adequacy and appropriateness of presentation and disclosure of the Contingent liabilities in the Consolidated Financial Statements.</p>
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<p><b>Information Technology and General Controls</b></p> <p>The Company is dependent on its Information Technology ("IT") systems for processing and recording its transactions, including financial reporting processes.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>IT application controls are critical to ensure that changes to applications / files / information and underlying data are made in an appropriate manner and under controlled environment. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.</p> <p>MIS reports, relevant for financial reporting, have been developed and tested through internal and outsourced support arrangements and ultimately authenticated by the users.</p> <p>On account of the pervasive use of its IT systems and related control environment on the Company's financial reporting process, the testing of the general computer controls of the IT systems used in financial reporting has been considered to be a Key Audit Matter.</p>	<p>In assessing the integrity of the IT systems relevant for financial reporting, we obtained an understanding of the IT infrastructure and IT systems relevant to the Company's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls ('SAP'), through inquiries with the management and review of the reports of the Information system control audits done by a third party.</p> <p>Access rights were tested over applications, operating system, on a sample basis, which are relied upon for financial reporting. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel.</p> <p>Our audit included making necessary inquiries with the management, scrutiny of the report on 'IT audit and security' by a third-party expert, access security (including controls over privileged access), segregation of duties and delegation of authority.</p> <p>In response to the above IT requirements, enhancement of functionalities in IT System made during the year, we have tested the controls and performed additional substantive procedures of key general ledger account reconciliations.</p> <p>We also tested key automated and manual business cycle controls and logic for the reports generated through the IT infrastructure including those relating to MIS, that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statement, including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the Consolidated Financial Statements.</p>
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## 5. Other Matters

- i. We have placed reliance on technical/commercial evaluation by the management with respect to the categorization and quantification of technical information within the regulatory framework related to the generation, distribution & trading of power and evaluation & timelines for completion of projects under progress.
- ii. The process of getting confirmation of Bank Guarantees as on 31-03-2023, from the issuing bank, is still in progress. Out of Rs.219907 Lakhs of Bank Guarantees, the Company has not yet obtained Confirmation of Rs.92121 Lakhs. The impact of non-receipt of balance confirmation letters from the issuing banks on the financial statement, if any, is not ascertainable at present.
- iii. The Company has not created any contingent liability related to a litigation on the applicability of the Revision of Pay and Allowances Rules, 2009 (ROPA), wherein Company may be required to pay to its employees, Dearness Allowance at Central Government rates from January' 2020.



- iv. Land as appearing in Note No. 1 of Property, Plant & Equipment (PPE) includes both freehold and lease hold land. We are unable to comment on whether any further adjustment in the amount of freehold/ leasehold land is necessary and its consequential effect on financial results of the company, if any.
- v. Ageing analysis of Loans and Advances to Staff could not be provided with complete accuracy. It is clarified by the 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.
- vi. The consolidated financial statements do not have any impact on the group's share of net profit (including Other Comprehensive Income) for the year ended March 31, 2023 based on financial statements of 1 (One) associate, West Bengal Green Energy Development Company Limited not audited by us.  
The financial statements/ financial information of this associate is audited by other auditor and have been furnished to us by the Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such audited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Company's Management, this financial statements / financial information is not material to the Group.

Our opinion on the Consolidated Financial Statements is not modified in respect of these matters.

#### **6. Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis and Report on Corporate Governance but does not include the consolidated financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

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, identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

#### **7. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for





safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## **8. Auditor's Responsibilities for the Audit of 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements 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 ability of the Group to continue as a going concern. If we conclude that a





material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 Consolidated 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 Consolidated Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

## **9. Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of associate as noted in the other matter paragraph, we report, to the extent applicable, that:



- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements except as stated under Annexure A of our Report;
- b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;
- e. as per notification number G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company and its associate they are Government Companies;
- f. with respect to the adequacy of the internal financial controls with reference to Consolidated financial statement of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our Report expresses disclaimer of opinion on the operating effectiveness of the Group's internal control with reference to Consolidated Financial Statements.
- g. as per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Group since they are Government Companies;
- h. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Group have disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 46 to the Consolidated Financial Statements;
  - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 60(xi) to the Consolidated Financial Statement;
  - iii. there has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Group.
  - iv. (a) The respective managements of the Company and that of its associate which is a company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such associate, to the best of their knowledge and belief, as disclosed in Note No. 60(xii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any



other sources or kind of funds) by the Company or such associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or such associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Company and that of its associate which is a company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such associate, to the best of their knowledge and belief, as disclosed in Note No. 60(xii) to the consolidated financial statements, no funds have been received by the Company or such associate from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or such associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and performed by the other auditor in respect of associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;

v. The Company or its associate has not paid any dividend during the year.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued us for the Company and by the auditor of the Associate included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, provided to us by the Management of the Company and based on the identification of matters of qualifications or adverse remarks in their CARO report by the component auditor and provided to us, we report that the auditor of such company have not reported any qualifications or adverse remarks in their CARO report.

**For R Gopal & Associates**

Chartered Accountants

FRN: 000846C



**CA Sandeep Kumar Sawaria**

Partner

Membership No. 061771

UDIN: 23061771BGVSER4494



Dated: May 24, 2023

Place: Kolkata



**Annexure - A to Independent Auditors' Report on Consolidated Financial Statements**

(Referred to in paragraph 9 (1) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**To the Members of West Bengal State Electricity Distribution Company Limited**

In conjunction with our audit of the consolidated financial statements of **West Bengal State Electricity Distribution Company Limited** (herein after referred to as "the Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of the Company and its an associate which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its associate which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and its associate which are companies incorporated in India, 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 the 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company and its associate, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of the reports referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements of the Company and its associate, which are companies incorporated in India.





### **Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Disclaimer of Opinion**

According to the information and explanation given to us and based on our audit, as informed to us, during the year, the Company has established a framework for internal financial controls with reference to Consolidated Financial Statements on the criteria based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. In this regard, the Company has identified various risks and the related controls. However, as informed to us, the Company has partially tested these controls for their operating effectiveness during the year. Further, the Company has provided to us only partial information/ data for our testing of the controls for their operating effectiveness. In the absence of testing of the design of all documented risks and controls and their operating effectiveness, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial control over financial reporting and whether such internal financial control is operating effectively as on 31 March, 2023. Accordingly, we do not express any opinion on the adequacy of the internal financial controls and the operating effectiveness thereof as at 31 March 2023.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Company, and the disclaimer does not affect our opinion on the Consolidated Financial Statements of the Company.



### Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to associate which is a company incorporated in India, is based on the corresponding standalone/consolidated report of the auditor, as applicable, of such company incorporated in India.

Our opinion is not modified in respect of these matters.

**For R Gopal & Associates**

Chartered Accountants

FRN: 000846C



**CA Sandeep Kumar Sawaria**

Partner

Membership No. 061771

UDIN: 23061771BGVSER4494



Dated: May 24, 2023

Place: Kolkata

**Consolidated Financial Statements**  
**2022-2023**



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
Consolidated Balance Sheet as at 31st March 2023				
Particulars		Note No	As at 31st March 2023	As at 31st March 2022
			(₹ in Lakhs)	
			Audited	Audited
ASSETS				
1	Non-Current Assets			
(a)	Property, Plant and Equipment	(1)	29,87,184	26,47,340
(b)	Capital Work-in-progress	(1)	80,979	2,65,546
(c)	Other Intangible Assets	(1)	4,348	5,133
(d)	Financial Assets			
(i)	Investments	(2)	505	437
(ii)	Trade Receivables	(3)	-	-
(iii)	Other Financial Assets	(4)	386	2,046
(e)	Other Non-Current assets	(5)	1,35,496	1,73,004
Total Non-Current Assets			32,08,898	30,93,506
2	Current Assets			
(a)	Inventories	(6)	47,895	47,141
(b)	Financial Assets			
(i)	Trade Receivables	(7)	7,90,126	7,54,669
(ii)	Cash and Cash equivalents	(8)	38,897	53,859
(iii)	Bank Balances other than (ii) above	(9)	69,616	91,096
(iv)	Loans	(10)	1,666	1,943
(v)	Other Financial Assets	(11)	58,235	50,882
(c)	Other Current assets	(12)	10,297	10,592
(d)	Assets Classified As Held for Sale	(13)	1,473	336
Total Current Assets			10,18,205	10,10,518
Total Assets			42,27,103	41,04,024
Regulatory deferral account Debit Balance		(14)	20,01,406	18,33,017
Total Assets and Regulatory deferral account Debit Balance			62,28,509	59,37,041
EQUITY AND LIABILITIES				
Equity				
(a)	Equity Share Capital	(15)	2,86,734	2,48,089
(b)	Other Equity			
(i)	Reserve and Surplus	(16)	75,537	41,962
Total Equity			3,62,271	2,90,051
Deferred Government Grants & Consumers' Contributions		(17)	21,19,469	19,91,790
Liabilities				
1	Non-Current Liabilities			
(a)	Financial Liabilities			
(i)	Borrowings	(18)	8,26,771	7,45,969
(ii)	Trade Payables	(19)	-	-
(iii)	Security Deposit from Consumers	(20)	5,44,505	4,81,482
(iv)	Other Financial Liabilities	(21)	22,381	25,799
(b)	Deferred Tax Liabilities (Net)	(22)	-	-
(c)	Other Non-Current Liabilities			
(i)	Provisions	(23)	43,500	40,396
Total Non-Current Liabilities			14,37,157	12,93,646
2	Current Liabilities			
(a)	Financial Liabilities			
(i)	Borrowings	(24)	8,31,907	8,99,243
(ii)	Trade Pavables	(25)	11,01,097	9,60,638
(iii)	Security Deposit from Consumers	(26)	8,103	14,748
(iv)	Other Financial Liabilities	(27)	1,48,554	1,91,438
(b)	Employee Benefit Obligations	(28)	17,475	13,912
(c)	Provisions	(29)	1,48,951	2,29,097
(d)	Other Current Liabilities	(30)	53,525	52,478
Total Current Liabilities			23,09,612	23,61,554
Total Liabilities			37,46,769	36,55,200
Total Equity ,liabilities & Deferred Government Grants & Consumers' Contributions			62,28,509	59,37,041

Notes forming part of Consolidated financial statements 1 to 62

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

For R. Gopal & Associates.  
Chartered Accountants  
FR No. 000846C

For & on behalf of the Board

  
(D. Roychoudhury)  
Director (Finance)  
DIN:10043674

  
(Aparna Biswas)  
Company Secretary  
Membership No: F8886

  
(Santanu Basu)  
Chairman & Managing Director  
DIN:07218581

Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSR449  
Place: Kolkata  
Date: 24th May 2023



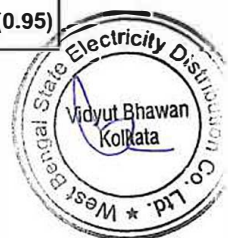
WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
Consolidated Statement of Profit and Loss for the period ended 31st March 2023				
Particulars		Note No	2022-23	2021-22
			(₹ in Lakhs)	
1	Income from Operations		Audited	Audited
(a)	Revenue from Sale of Power	(31)	27,88,675	25,98,653
(b)	Other Operating Revenue	(32)	72,203	68,052
(c)	Other Income	(33)	1,29,575	1,10,592
	<b>Total Income</b>		<b>29,90,453</b>	<b>27,77,297</b>
2	Expenses:			
(a)	Purchases of Power, Transmission Charges	(34)	25,26,864	20,10,056
(b)	Employee Benefits Expenses	(35)	1,51,857	1,99,829
(c)	Finance costs	(36)	1,84,580	1,77,651
(d)	Depreciation & Amortization	(37)	1,28,666	1,20,735
(e)	Other Expenses	(38)	1,63,840	1,64,324
(f)	Expenditure on Corporate Social Responsibility	(39)	220	199
	<b>Total expenses</b>		<b>31,56,027</b>	<b>26,72,794</b>
3	Profit/(Loss) before net movements in Regulatory deferral accounts balance & Tax (1-2)		(1,65,574)	1,04,503
4	Net movement in Regulatory deferral account balances related to Profit & Loss [Net of Other Comprehensive income- Note:6 (a) below]	(40)	1,68,389	(1,25,040)
5	Profit (+) /Loss (-) after net movements in Regulatory deferral accounts balance & before Tax (3+4)		2,815	(20,537)
6	Share of Profit/ (Loss) of Associates and Joint Ventures	(41)	-	-
7	Profit Before Tax (5+6)		2,815	(20,537)
8	Tax Expense:	(43)		
	Current Tax		714	0
	Sub-total		714	0
9	Net Profit (+) /Loss (-) for the period & net movement in Regulatory deferral account balances(7-8)		2,101	(20,537)
10	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]		3,841	29,799
(b)	Tax Expense: Provision for Income Tax after considering Other Comprehensive Income	(43)	671	2,425
	Other comprehensive income for the year net of tax (a-b)		3,170	27,374
11	Total comprehensive income for the Period (9+10) (Comprising Profit (Loss) and other Comprehensive Income for the Period)		5,271	6,837
12	Earning per equity share of face value of Rs. 10 each			
(a)	Basic EPS - ( in Rs.)		(6.25)	4.21
(b)	Diluted EPS - ( in Rs.)		(6.25)	4.21
(c)	Basic EPS including net movement in regulatory deferral account balances after tax ( in Rs.)		0.05	(0.95)
(d)	Diluted EPS including net movement in regulatory deferral account balances after tax ( in Rs.)		0.05	(0.95)

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 R. Gopal & Associates.  
Chartered Accountants  
FR No. 000846C

For & on behalf of the Board



*[Signature]*

*[Signature]*  
(D. Roychoudhury)  
Director (Finance)  
DIN:10043674

*[Signature]*  
(Aparna Biswas)  
Company Secretary  
Membership No: F8886

*[Signature]*  
(Santanu Basu)  
Chairman & Managing Director  
DIN:07218581

Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSR4494  
Place: Kolkata  
Date: 24th May 2023



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED				
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2023				
Sl. No.	Particulars	Note/Reconciliation reference	2022-23	2021-22
			(₹ in Lakhs)	
			Audited	Audited
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
	Net Profit/(Loss) Before Taxation	Recon-1	6656	9262
	Adjustment For:			
	Depreciation	37	128666	120735
	Interest and Financial Charges	Recon-2	145426	143133
	Bad & Doubtful Debts Provision and Expected Credit Loss	Recon-3	880	6510
	Loss on demolition, retirement of fixed asset	38 (D)	-	4,907
	Loss on obsolescence of Inventory	38 (D)	100	2,283
	Excess Provision Written Back	33	(108)	(11170)
	Profit on sale of fixed asset	38	(287)	0
	Interest accrued on non current Transmission Liability & & Notional Interest on Govt. Loan	33	(8500)	(7161)
	Interest accrued on non current Capital Liability	33	(152)	(1826)
	Interest/Dividend etc. Income	33	(798)	(880)
	<b>Operating Profit Before Working Capital Change (1)</b>		<b>2,71,884</b>	<b>2,65,794</b>
	Adjustment For:			
	Stores & Spares	6	(754)	110
	Sundry Debtors	3 & 7	(157538)	(46701)
	Other Current & non Current Assets	4, 5 and 12	1955	555
	Loans & Advances	10 and 11	(6556)	5594
	Liabilities & Provision, etc.	25, 26, 27, 28, 29, 30, 19, 20 & 21	(287045)	(216127)
	<b>Changes in working capital (2)</b>		<b>(4,49,938)</b>	<b>(2,56,570)</b>
	Regulatory Deferral Account (3)	14	(168683)	121061
	<b>Cash Generation from Operation [4=(1+2+3)]</b>		<b>(3,46,738)</b>	<b>1,30,285</b>
	Tax paid (4)		2038	2108
	<b>NET CASH FROM OPERATING ACTIVITIES [(A)=3-4]</b>		<b>(3,48,776)</b>	<b>1,28,177</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Decrease (Increase) in Fixed Assets	1, 13 & 33	(82116)	(264262)
	Decrease (Increase) In Capital Work in Progress	1	184567	(68910)
	(Increase)/Decrease in Investments	2 & 9	21372	(3158)
	Interest/Dividend Income	Recon-4	8930	9942
	Other Non Current Asset-Capital Advance	5	38161	44970
	<b>NET CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>		<b>170914</b>	<b>(281418)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Gross Proceeds from Borrowing	18 & 24	81588	180859
	Repayment of Borrowing		(53285)	(76634)
	Proceeds from Share Capital & Share Application Money & reserves	Recon-5	66989	11500
	Proceeds from Consumers contribution & capital subsidy	17	218983	193453
	Interest & Financial Charges.	Recon-6	(151375)	(154093)
	<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>		<b>1,62,900</b>	<b>1,55,085</b>
	<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		<b>(14,962)</b>	<b>1,845</b>
	<b>CASH and CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>53859</b>	<b>52014</b>
	<b>CASH and CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>8</b>	<b>38,897</b>	<b>53,859</b>





Reconciliations		₹ in Lakhs	
Reconciliation-1 on Net Profit/(Loss) Before Taxation	Note	2022-23	2021-22
Total Comprehensive Income	Statement of P/L	5271	6837
Provision for income tax on post employment benefit obligation		0	0
Current Tax		1385	2425
<b>Net Profit/(Loss) Before Taxation</b>		<b>6656</b>	<b>9262</b>
Reconciliation-2 on Interest and Finance Charges	Note	2022-23	2021-22
Finance Cost	36	184580	177651
Interest on Consumer Security Deposit	36	(28577)	(25513)
Transaction Cost on Capital Bond	36	(17)	(17)
Interest accrued on liability for purchase of power & Notional Interest on Govt. Loan	36	(8881)	(7161)
Interest accrued on liability for capital supplies/works	36	(1679)	(1826)
<b>Interest and Finance Charges</b>		<b>145426</b>	<b>143133</b>
Reconciliation-3 on Bad & Doubtful Debts Provision and Expected Credit Loss	Note	2022-23	2021-22
Provision for bad and doubtful debt	38 (D)	0	5840
Provision for expected credit loss		880	670
<b>Bad &amp; Doubtful Debts Provision and Expected Credit Loss</b>		<b>880</b>	<b>6510</b>
Reconciliation-4 on Interest/Dividend Income	Note	2022-23	2021-22
Interest from bank on fixed deposit and other deposits	33	798	880
Interest accrued on non current Transmission Liability	33	8,500	7,161
Interest accrued on non current Capital Liability	33	152	1,826
Accrued Income-Opening	11	1,792	1,868
Accrued Income-Closing	11	(2,312)	(1792)
<b>Interest/Dividend Income</b>		<b>8930</b>	<b>9942</b>
Reconciliation-5 Proceeds from Share Capital & Share Application Money and Reserves	Note	2022-23	2021-22
Difference of Opening and closing Equity Share Capital	15	38,645	11,500
Reserve for unforeseen exigencies-DPL (Retained earnings NITESCL)	16	-	-
Share pending allotment	16	28,344	-
Share of Profit WBGEDCL	41	-	-
<b>Proceeds from Share Capital &amp; Share Application Money and reserves</b>		<b>66989</b>	<b>11500</b>
Reconciliation-6 Interest & Financial Charges.	Note	2022-23	2021-22
Interest & Financial Charges as per reconciliation-2	Recon-2	(145426)	(143133)
Accrued Expenses-Opening	27	(36437)	(47397)
Accrued Expenses-Closing	27	30488	36437
<b>Interest &amp; Financial Charges.</b>		<b>(151375)</b>	<b>(154093)</b>


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

For R. Gopal & Associates,  
Chartered Accountants  
FR No. 000846C



Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGSER4494  
Place: Kolkata  
Date: 24th May 2023

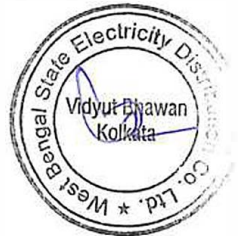


  
(D. Roychoudhury)  
Director (Finance)  
DIN:10043674

  
(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 2023					
					(₹ in Lakhs)
<b>A. Equity share capital</b>					
As at 31st March 2021					2,36,589
Changes in equity share capital					11,500
As at 31st March 2022					2,48,089
Changes in equity share capital					38,645
Balance at 31st Dec. 2022					2,86,734
<b>B. Other Equity</b>					
Particulars	Reserve and Surplus				Total
	Power Purchase Fund	Reserve for Unforeseen Exigencies	Debenture Redemption Reserve	Retained Earnings	
	(₹ in Lakhs)				
Balance at 31st March 2021	-	15,873	15,783	3,468	35,125
Profit for the year	-	-	-	(20,537)	(20,537)
Other comprehensive income	-	-	-	27,374	27,374
Total	-	15,873	15,783	10,305	41,962
Transfer to debenture redemption reserve	-	-	1,667	(1,667)	0
Written Back of Unforeseen Exigencies	-	(104)	-	104	0
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
Profit for the year	-	-	-	2,101	2,101
Other comprehensive income	-	-	-	3,170	3,170
Total	371	15,769	17,450	13,643	47,233
Transfer to debenture redemption reserve	-	-	1,667	(1,667)	-
Adjustment of Share of Profit WBGEDCL	-	-	-	(40)	(40)
Pending allotment of Share Application money of current year	28,344	-	-	-	28,344
Balance at 31st March 2023	28,715	15,769	19,117	11,936	75,537

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

For R. Gopal & Associates.  
Chartered Accountants  
FR No. 000846C



Sandeep Kumar Sawaria  
Partner  
Membership No.061771  
UDIN: 23061771BGVSR4494  
Place: Kolkata  
Date: 24th May 2023



For & on behalf of the Board

  
(D. Roychoudhury)  
Director (Finance)  
DIN:10043674

  
(Aparna Biswas)  
Company Secretary  
Membership No: F8886


  
(Santanu Basu)  
Chairman & Managing Director  
DIN:07218581



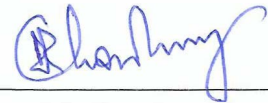
**WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED**

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

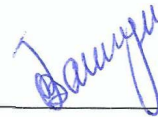
In terms of requirement of Circular No.CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May,2016 issued by the Securities and Exchange Board of India, we hereby solemnly declare to the Stock Exchange that the Audit Report made by R. Gopal & Associates, Chartered Accountants, The Statutory Auditors of the Company, to the members of the Company, on the Annual Standalone & Consolidated Financial Results for the financial year ended 31<sup>st</sup> March,2023, examined by them, is with unmodified opinion.



(Santanu Basu)  
Chairman and Managing Director  
DIN:07218581



Debasish Roychoudhury  
Director (Finance)  
DIN: 10043674



Srikumar Bandyopadhyay  
Chairman of Audit Committee  
DIN:03504452



For R. Gopal & Associates  
Chartered Accountants  
Firms Registration No. 000846C  
(Sandeep Kumar Sawaria)  
Partner  
Membership No: 061771

Kolkata  
Dated: 24/05/2023





# 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/48

Date: 24.05.2023.

To  
The Manager  
Deptt. Of Corporate Services,  
Bombay Stock Exchange,  
PJ Towers, (Floor – 25<sup>th</sup>)  
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 31.03.2023.**

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	25.04.2022-paid 04.08.2022-paid 16.08.2022-paid 25.10.2022-paid 04.02.2023-paid 16.02.2023-paid  25.04.2023 04.08.2023 16.08.2023 25.10.2023 04.02.2024 16.02.2024
4	Outstanding Redeemable Preference Shares(Quantity and Value)	Not applicable.

**Telephone: 23345844/23591903**

**Fax: (033) 23585292 / 23598395**

**Email: lnwbsedcl@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	3 months ended 31.03.2023	12 months ended 31.03.2023
5	Debt Equity Ratio	2.53	2.53
6	Debt Service Coverage Ratio	1.05	1.05
6	Interest Service Coverage Ratio.	1.37	1.37
8	Debenture Redemption Reserve(Rs. in cr.)	191.17	191.17
9	Net worth (Rs. in cr.)	3270.14	3270.14
10	Net Profit/(Loss) After Tax(Rs. in cr.)	6.32	52.71
11	Current Ratio	0.44	0.44
12	Long Term debt to Working Capital	0.00	0.00
13	Bad debts to Account Receivable Ratio	0.03	0.03
14	Current Liability Ratio	0.62	0.62
15	Total Debts to Total Assets	0.39	0.39
16	Debtors Turnover	3.81	3.81
17	Inventory Turnover Ratio	60.05	60.05
18	Operating Profit Margin(%)	5.36	5.36
19	Net Profit Margin(%)	0.18	0.18
20	Earnings Per Share	Refer to Audited Financial Results for the year ended 31.03.2023	

This is for your information and record please.

Yours faithfully,

*Aparna Biswas*  
(A. Biswas) 24/05/2023

Company Secretary & Compliance Officer

Telephone: 23345844/23591903

Fax: (033) 23585292 / 23598395

Email: lnwbsedcl@gmail.com

WBSEDCL

Statement of Ratios and other information as per Regulation 52(4) of SEBI Listing Obligations & Disclosure Requirements) Regulations, 2015					
Particulars	Three Months ended 31.03.2023	Three Months ended 31.12.2022	Three Months ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
	(Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)
	1	2	3	4	6
a. <b>Debt Equity Ratio</b> [[Non-Current Borrowings excluding Current maturities of Long Term Borrowings] / (Shareholders Equity)]	2.53	2.84	2.91	2.53	2.91
b. <b>Debt Service Coverage Ratio</b> [(PBT+Depreciation)(Net of amortized Govt. grant for the period)+Interest +Provisions / (Interest + Capitalisation of Interest+Repayment of Loan)]	1.05	1.04	1.21	1.05	1.21
c. <b>Interest Service Coverage Ratio</b> [(PBT+Depreciation)(Net of amortized Govt. grant for the period)+Interest+Provisions / (Interest +Capitalisation of Interest)]	1.37	1.36	1.47	1.37	1.47
d. <b>Outstanding Redeemable Preference Share</b>	0	0	0	0	0
e. <b>Net Worth (Rs in Lakh)</b> Aggregate of Equity Share Capital & Free Reserves	327014	288087	256421	327014	256421
f. <b>Net Profit After Tax (Rs in Lakh)</b>	632	2204	3284	5271	6837
g. <b>Current Ratio</b> [(Current Assets) / (Current Liabilities)]	0.44	0.46	0.43	0.44	0.43
h. <b>Long term Debt to Working Capital*</b> [(Long Term Borrowings-Current maturities of Long Term Borrowings) / (Current Assets-Current liabilities)]	0.00	0.00	0.00	0.00	0.00
i. <b>Bad Debts to Accounts Receivable Ratio</b> [[Bad debts] / (Trade Receivables)]	0.03	0.01	0.02	0.03	0.02
j. <b>Current Liability Ratio</b> [(Current Liabilities) / (Total Liabilities)]	0.62	0.63	0.65	0.62	0.65
k. <b>Total Debts to Total Assets</b> [(Long Term Borrowings+ Short Term Borrowings) / (Total Assets)]	0.39	0.40	0.40	0.39	0.40
l. <b>Debtors Turnover</b> [(Annualised Net Sales) / (Average Trade Receivables)]	3.81	3.77	3.74	3.81	3.74
m. <b>Inventory Turnover Ratio</b> [(Annualised Cost of Goods Sold) / (Average Inventory)]	60.05	46.37	54.89	60.05	54.89
n. <b>Operating Profit Margin(%)</b> [(EBIT-Other Income) / (Net Sales)]	5.36%	5.66%	6.17%	5.36%	6.17%
o. <b>Net Profit Margin(%)</b> [(Profit After Tax) / (Net Sales)]	0.18%	0.21%	0.26%	0.18%	0.26%
p. <b>Asset Cover</b>	100%	100%	100%	100%	100%
q. <b>No of Days Payable</b>	130	133	110	130	110
r. <b>No of Days Receivable</b>	62	67	67	62	67

\* Net Working Capital is negative

For R. Gopal & Associates.  
Chartered Accountants  
FR No. 000846C




Sandeep Kumar Sawaria  
Partner  
Membership no. 061771  
UDIN:23061771BGVSEO7963

Place: Kolkata  
Date:24th May 2023



  
(D. Roychoudhury)  
Director (Finance)

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)**

