

West Bengal State Electricity Transmission Company Limited
Balance Sheet as at March 31, 2019

(Rs. in Lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	1	656,903.85	575,392.22
(b) Capital work-in-progress	1	171,597.79	172,290.54
(c) Intangible assets under development	1	342.07	342.07
(d) Other non-current assets	2	4,922.47	8,169.87
(e) Tax assets	3	5,402.69	4,077.50
Total Non-current assets		839,168.87	760,272.20
Current assets			
(a) Inventories	4	14,951.53	15,667.23
(b) Financial assets			
(i) Trade Receivable	5	27,364.95	30,624.22
(ii) Cash and cash equivalents	6	22,712.54	20,067.82
(iii) Other bank balances	6(i)	22,816.96	19,490.79
(iv) Other financial assets	7	2,589.51	2,542.27
(c) Other current assets	8	7,705.17	13,752.03
Total Current assets		98,140.66	102,144.36
Total Assets		937,309.53	862,416.56
Equity			
(a) Equity share capital	9	110,552.00	110,552.00
(b) Other Equity		335,390.83	290,560.51
Total Equity		445,942.83	401,112.51
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10	295,247.76	303,737.14
(b) Provisions	11	7,271.13	6,657.91
(c) Other non-current liabilities	12	24,987.95	13,577.26
Total Non-current liabilities		327,506.84	323,972.31
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	7,954.47	9,722.89
(ii) Trade payables	14		
-Micro Enterprises and Small Enterprises			
-Other than Micro Enterprises and Small Enterprises		7,638.01	5,319.04
(iii) Other financial liabilities	15	101,540.05	80,276.59
(b) Provisions	11(i)	916.09	980.66
(c) Other current liabilities	16	45,811.24	41,032.56
Total Current liabilities		163,859.86	137,331.74
Total Equity and Liabilities		937,309.53	862,416.56

The accompanying notes and significant accounting policies are an integral part of the financial statements.

In terms of our report of even date attached herewith.

For L B Jha & Co
Chartered Accountants
Firm Registration No. : 301088E

For and on behalf of the Board of Directors

(D.N.Roy)
Partner

Membership No :-300389
Kolkata
Date July 12,2019

(Virendra Singh)
Company Secretary

(Trilochon Panda)
Director (F&A)

(Santanu Basu)
Managing Director

West Bengal State Electricity Transmission Company Limited
Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in lakhs)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	17	135,305.40	129,854.15
II Other Income	18	7,296.11	5,090.74
III Total Income (I + II)		142,601.51	134,944.89
IV EXPENSES			
(a) Employee benefits expense	19	21,377.91	23,982.77
(b) Finance costs	20	27,170.53	24,510.95
(c) Depreciation expense	21	26,059.12	21,310.52
(d) Other expenses	22	16,434.23	18,317.13
Total Expenses (IV)		91,041.79	88,121.37
V Profit before tax (III - IV)		51,559.72	46,823.52
VI Tax Expense			
(1) Current tax		11,087.60	10,049.12
(2) Deferred tax			
Total tax expense		11,087.60	10,049.12
VII Profit for the year (V - VI)		40,472.12	36,774.40
VIII Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
-Remeasurement of defined Benefit plan		5,555.30	8,946.57
(ii) Income tax relating to items that will not be reclassified to profit or loss		1,197.10	1,909.34
(B) (i) Items that may be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
		4,358.20	7,037.23
IX Total Other Comprehensive Income for the year (A+B)		44,830.32	43,811.63
X Total Comprehensive Income for the year (VII + IX)			
XI Earnings per equity share (Face value Rs. 10 each):			
(1) Basic (in Rs)		3.66	3.33
(2) Diluted (in Rs)		3.66	3.33

The accompanying notes and significant accounting policies are an integral part of the financial statements.

In terms of our report of even date attached herewith.

For L B Jha & Co
Chartered Accountants

Firm Registration No :- 301088E

(D.N Roy)
Partner

Membership No :- 300389

Kolkata

Date July 12, 2019



(Virendra Singh)
Company Secretary

For and on behalf of the Board of Directors

(Trilochon Panda)
Director F&A

(Santanu Basu)
Managing Director

UDIN: 19300389AAAACW5595
Ref: SA/W/6R

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED**

Report on the Audit of the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended on that date, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit (including Other Comprehensive Income), Changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

3. We draw attention to the following matters in the notes to financial statements:
 - (a) The formalities of registration of transfer of land and building re-vested in favour of the Company are pending since adequate information is not yet available. (Refer note no. 1.1 (b)).
 - (b) Due to non-receipt of confirmations of certain balances of Capital Advances, Loans and Advances, Trade payables etc. the consequential adjustments, if any, are to be made on receipt thereof. (Refer note no. 32).



- (c) The Company is in the process of segregating its freehold and leasehold land. However, the Company has segregated and amortised the lease premium paid only for the leasehold lands identified till date. (Refer Note.1.3)
- (d) The Company is in the process of reconciling advances received from customers for construction of transmission assets with the status of the related projects. Pending such reconciliation, no adjustments have been made in the accounts. In the opinion of the Management, the adjustments, if any, will not be material. (Refer note no.16.2).
- (e) The Company is in the process of reviewing and evaluating amounts withheld from contractors. Adjustments, if any, will be made after completion of such assessment. (Refer note no.15.2).
- (f) Capital Work-In-Progress includes projects whose progresses have been affected due to severe Right of Way issues and the matter is being pursued by the Management for early resolution. (Refer note no.1.2).
- (g) The company has entered into a Slump Transaction Agreement with Durgapur Projects Limited (DPL) with effect from 01.01.2019 wherein various assets and liabilities in respect of transmission activities of DPL have been acquired by the company at a fixed price. The identification of significant component of PPE (transferred assets) is under process. (Refer note no.15.3)

Key Audit Matters

4. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, 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.

Sr. No	Key Audit Matter	Auditor's Response
1	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.</p>	<p><u>Principal Audit Procedures</u></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts and performed the following procedures: <ol style="list-style-type: none"> 1. Read, analysed and identified the distinct performance obligations in these contracts.



Sr. No	Key Audit Matter	Auditor's Response
	<p>Additionally, new revenue accounting standard contains disclosures which involve collection of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<ol style="list-style-type: none"> 2. Compared these performance obligations with that identified and recorded by the Company. 3. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. 4. Samples in respect of revenue recorded for material contracts were tested using a combination of customer acceptances, subsequent invoicing and historical trend of collections and disputes. <ul style="list-style-type: none"> • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts. • Performed analytical procedures for reasonableness of revenues disclosed.
2	<p>Contingent Liabilities</p> <p>The company has several on-going legal matters relating to statutory taxes which require management judgement to be applied in order to determine the likely outcome.</p>	<p><u>Principal Audit Procedures</u></p> <p>In assessing the potential exposures to the Company, we have completed a range of procedures including:</p> <ul style="list-style-type: none"> – assessing the design and implementation of controls in relation to the monitoring of known exposures; – reading Board and other meeting minutes to identify areas subject to Company consideration; – meeting with the Company's internal legal advisors in understanding on-going and potential legal matters impacting the Company; – reviewing third party correspondence and reports; and – reviewing the proposed accounting and disclosure of actual and potential legal liabilities, drawing on third party assessment of open matters.



Sr. No	Key Audit Matter	Auditor's Response
3	<p>Store Impairment Review</p> <p>The Company is required to complete an impairment review of its store portfolio where there are indicators of impairment/obsolescence or impairment reversal.</p> <p>Judgement is required in identifying indicators of impairment and estimation is required in determining the recoverable amount of the Company's store portfolio. Additionally, there is judgement in relation to triggering the reversals of impairments recognised in previous periods.</p> <p>There is a risk that the carrying value of stores and related fixed assets may be higher than the recoverable amount. Where a review for impairment, or reversal of impairment, is conducted, the recoverable amount is determined based on the higher of 'value-in-use' and 'fair value less costs of disposal'.</p>	<p>Our audit procedures included assessing the design and implementation of key controls around the impairment review processes.</p> <p>Our audit approach consisted testing of operating effectiveness of the internal controls as follows:</p> <ol style="list-style-type: none"> 1. Assessing the adequacy of the scope of the work to be performed by the independent agencies hired for stores audit 2. Reviewing the completeness of the reporting template issued to these agencies for the purpose of stores audit. 3. Reading the Stores Audit Reports issued by the agencies identifying obsolete stock. 4. Reviewing the Company's internal reports and documents submitted by the Stores to assess the quantum of the provisions to be made in the books of accounts. 5. Reviewing the proposed accounting and disclosure of the provisions made for stock obsolescence and impairment.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis; Board's Report including Annexures to Board Report, Business Responsibility Report, Corporate Governance and Shareholders' Information but does not include the financial statements and our auditor's report thereon. These other information is expected to be made available to us after the date of this auditor's report.
6. Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



8. When we read the other information consisting of the information included in the Management Discussion and Analysis; Board's Report including Annexures to Board Report, Business Responsibility Report, Corporate Governance and shareholder information, if we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance.

Management's Responsibility for the Ind AS Financial Statements

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the 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 accounting Standards 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Ind AS Financial Statements

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

- Obtained 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. 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.
15. 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.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when 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.
17. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



Report on Other Legal and Regulatory Requirements

18. As required under section 143(5) of the Act, replies to the directions and sub-directions issued by the office of the Accountant General (Economic and Revenue Sector Audit) West Bengal, are furnished in "Annexure – A" to this report.
19. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub –section (11) of section 143 of the Act, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
20. 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 any report as might have been made by the Vigilance Department of the Company and for the effects of the matters described in the Emphasis of matter paragraph above.
 - (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 and proper returns adequate for the purposes of our audit have been received from the units not visited by us.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) and the Cash Flow Statement, Statement of Changes in Equity dealt with by this report are in agreement with the books of account and with the returns received from the unit not visited by us.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) The provisions of section 164(2) are not applicable to the Company as it is a Government Company.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.



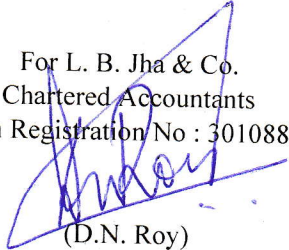
(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 of the Ind AS financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



Place : Kolkata
Date : 12.07.2019

For L. B. Jha & Co.
Chartered Accountants
Firm Registration No : 301088E


(D.N. Roy)
Partner
(Membership No. 300389)

ANNEXURE- A: TO THE INDEPENDENT AUDITOR'S REPORT
To the Members of West Bengal State Electricity Transmission Company Limited
[Referred to in paragraph 18 of the Independent Auditor's Report of even date]

I. General Directions under Section 143(5) of the Companies Act, 2013.

	Description	Auditor's Response														
(I)	Valuation of Assets & Liabilities															
	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed and General Reserves) may be examined, including the mode and present stage of disinvestment process.	The company has not been selected for disinvestment.														
(II)	Waiver / write - off of debts/loan /interest															
	Whether there are any cases of waiver/write-off of debts/ loans /interests etc. If yes, the reasons thereof and the amount involved.	No such cases have come to our notice during the course of our audit and no such cases have been reported.														
(III)	Inventories															
	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from Government or other authorities?	Proper records are maintained for inventories issued to third parties/contractors. No asset has been received as a gift from Government or other authorities.														
(IV)	Legal/ arbitration cases															
	A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Total 107 numbers of cases were pending as on 31 st of March, 2019 at different forums. The age wise analysis of the same is given below: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>No of years pending</th> <th>No. of Cases</th> </tr> </thead> <tbody> <tr> <td>< 1 year</td> <td>10</td> </tr> <tr> <td>1-5 years</td> <td>60</td> </tr> <tr> <td>6-10 years</td> <td>18</td> </tr> <tr> <td>11-15 years</td> <td>12</td> </tr> <tr> <td>16 & above</td> <td>7</td> </tr> <tr> <td>Total</td> <td>107</td> </tr> </tbody> </table> <p>Out of the above, it has been reported that only ten cases have a monetary involvement of Rs. 3408.74 lakhs.</p>	No of years pending	No. of Cases	< 1 year	10	1-5 years	60	6-10 years	18	11-15 years	12	16 & above	7	Total	107
No of years pending	No. of Cases															
< 1 year	10															
1-5 years	60															
6-10 years	18															
11-15 years	12															
16 & above	7															
Total	107															



		The Company has a separate Legal Cell under the administrative control of the Company Secretary for effective monitoring of the cases.																					
(V)	Title/Lease Deeds Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>The Company presently procures land for its Projects through Long Term settlement as per LR Manual, 1991 and purchases private land by following defined procedures. In case of acquired land there is no requirement for execution of deed. The details as provided to us in respect of the availability of title deeds for land is given below:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Total Area (acre)</th> <th>Deed Executed (acre)</th> </tr> </thead> <tbody> <tr> <td>Leasehold Land</td> <td>125.18</td> <td>52.70</td> </tr> <tr> <td>Purchased/ Gifted Land</td> <td>31.90</td> <td>15.88</td> </tr> <tr> <td>Land transferred from other organization (except WBSEDCL)</td> <td>353.70</td> <td>41.55</td> </tr> <tr> <td>Land transferred from WBSEDCL</td> <td>55.08</td> <td>-</td> </tr> <tr> <td>Acquired Land (under Land Acquisition Act)</td> <td>1064.86</td> <td>-</td> </tr> <tr> <td>Land for which no documentation is available</td> <td>23.25</td> <td>-</td> </tr> </tbody> </table>	Particulars	Total Area (acre)	Deed Executed (acre)	Leasehold Land	125.18	52.70	Purchased/ Gifted Land	31.90	15.88	Land transferred from other organization (except WBSEDCL)	353.70	41.55	Land transferred from WBSEDCL	55.08	-	Acquired Land (under Land Acquisition Act)	1064.86	-	Land for which no documentation is available	23.25	-
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Land for which no documentation is available	23.25	-																					



II. Sector Specific Sub-directions under Section 143(5) of the Companies Act, 2013

	Description	Auditor's Response
1.	How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same has been properly accounted for in the books of accounts?	As reported to us, the transmission loss of WBSETCL at the transmission boundary during the financial year 2018-19 remained within the prescribed norms of Hon'ble West Bengal Electricity Regulatory Commission. Since the business of the Transmission Company is that of a Carrier /Facilitator for arranging infrastructure to enable transmission of power from the Evacuation point of the Generating Stations to the Voltage level of the Distributed Company, any transmission loss is passed to the account of Generator/Distributor and there of accounted for at their end. Further Transmission charges being determined by the Regulator as fixed charges and on the quantum of Power dealt with, there is no scope for accounting of Transmission loss in the books of accounts of WBSETCL.
2.	Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements.	No asset has been completed or handed over to other agencies during the year.



Place : Kolkata
Date : 12.07.2019

For L. B. Jha & Co.
Chartered Accountants
Firm Registration No : 301088E
(Signature)
(D.N. Roy)
Partner
(Membership No. 300389)

ANNEXURE- B: TO THE INDEPENDENT AUDITOR'S REPORT
To the Members of West Bengal State Electricity Transmission Company Limited
[Referred to in paragraph 19 of the Independent Auditor's Report of even date]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets
- (b) As per the information and explanations given to us, the transmission equipments and lines have been physically verified by the management. Other fixed assets of the Company could not be physically verified during the year. The discrepancy, if any, could not be ascertained.
- (c) As per the information and explanation given to us, the details of title deeds for the land is given below:-

Particulars	Total Area (acres)	Deed Executed (acres)	Deed pending to be executed (acres)
Leasehold Land	125.18	52.70	72.48
Purchased/ Gifted Land	31.90	15.88	16.02
Land transferred from other organization (except WBSEDCL)	353.70	41.55	312.15
Land transferred from WBSEDCL	55.08	-	55.08
Acquired Land (under Land Acquisition Act)	1064.86	-	1064.86
Land for which no documentation is available	23.25	-	23.25

*In case of acquired land there is no requirement for execution of deed.

2. The inventory has been physically verified by the management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnership or other parties covered in the register maintained under Section 189 of the Act.
4. According to the information and explanations given to us and the records of the Company examined by us, the Company has not made any investment, advanced any loan, given any guarantee or provided any securities to others during the year.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out any detailed examination of such records and accounts.



7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax as at 31st March 2019 which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	241.34	2008-09	Calcutta High Court
		41.30	2009-10	
		464.91	2009-10	
		149.69	2010-11	C.I.T (Appeals)
		0.02	2010-11	
		20.20	2012-13	
		3.55	2014-15	
	Interest	1.18		

8. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings due to financial institutions, banks, Government or debenture holder during the year.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instrument). In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The related statutes are not applicable as the Company is not a Nidhi Company.
13. According to the information and explanations given to us and the records of the Company examined by us, transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in Note-26 of the financial statements as required by the applicable Ind AS.
14. The Company has neither made any preferential allotment of shares nor fully or partly convertible debentures during the year under audit.



15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions, with any director of the Company and the holding Company or persons connected with them, involving acquisition of assets by or from them for consideration other than cash.
16. In our opinion, and according to the information and explanations given to us, not being a non-banking financial company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For L. B. Jha & Co.
Chartered Accountants
Firm Registration No : 301088E


(D.N. Roy)

Partner

(Membership No. 300389)



Place : Kolkata
Date : 12.07.2019

ANNEXURE- C TO THE INDEPENDENT AUDITOR'S REPORT**To the Members of West Bengal State Electricity Transmission Company Limited**

[Referred to in paragraph 20 (f) of the Independent Auditor's Report of even date]

Report on the Internal Financial Control under Clause (i) of Sub –sections 3 of Section 143 of the Companies Act, 2013("the Act")

1. We have audited the internal financial controls over financial reporting of WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Control

2. The Company's management is responsible for establishing and maintaining internal financial control 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note" and the Standard on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedure selected depends on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Control over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
- 1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - 2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorization 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 statement.

Inherent Limitations of Internal Financial Control over Financial Reporting

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

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31st March, 2019:
- a) No ERP Software or any integrated software is being used for preparation of accounts and financials which may result in possibility of incorrect grouping and presentation in accounts, more chances of errors and frauds, inability of continuous monitoring of salary and loans & advances to employees, delayed capitalization of fixed assets, continuous non updation of discarded assets, possibility of ineffective review and monitoring of Bank Reconciliation Statements due to manual intervention, inability to continuously monitor the inventory.
 - b) Considering the volume of business of the Company and the nature of compliance to be ensured, it is felt that manpower set up at corporate head office and units need to be further increased and strengthened to ensure better compliances. Further the units are also required to be adequately manned so that three tier checking is ensured.
9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.



10. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March, 2019, 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 ICAI.
11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March, 2019 financial statements of the Company and these material weakness does not affect our opinion on the financial statements of the Company.



Place : Kolkata
Date : 12.07.2019

For L. B. Jha & Co.
Chartered Accountants
Firm Registration No : 301088E

(D.N. Roy)

Partner

(Membership No. 300389)