



M. R. SEN & CO.
CHARTERED ACCOUNTANTS
Manoranjan Sen, M.Com, F.C.A.
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INDEPENDENT AUDITORS' REPORT

To
The Members of
BHAGALPUR ELECTRICITY DISTRIBUTION COMPANY PRIVATE LIMITED

Report on the audit of the Standalone Ind AS Standalone Ind As financial statements

Opinion

We have audited the accompanying standalone INDAS financial statements of **BHAGALPUR ELECTRICITY DISTRIBUTION COMPANY PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the year ended, the statement of cash flow and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

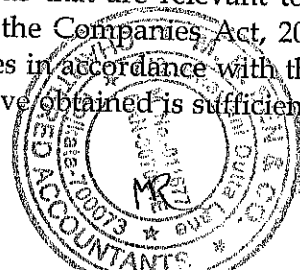
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and Fair view in conformity with the Indian Accounting Standards prescribed 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 the affairs of the Company as at 31st March 2020.

Emphasis of Matter

We draw attention to Note no. 26 of the standalone Ind As financial statements which states that the distribution services of the Company have been terminated by SBPDCL w.e.f. 25th November, 2017. In accordance with the Power Distribution Agreement with SBPDCL, the Company has referred the above matters for Arbitration. These standalone Ind As financial statements have been prepared on a Going concern basis on the assumption that the Company will succeed in recovering its claim upon completion of the Arbitration. In view of the above, Property Plant and Equipment and Inventory of Rs. 1,474.93/- Lacs and Rs. 840.7 Lacs has been reclassified to Claims Receivable in accordance with the Termination clause of the Distribution Franchisee Agreement into SBPDCL. Our opinion is not qualified in this matter.

Basis for Opinion

We have 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 Standalone Ind As financial statements section of 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 Independent requirements that are relevant to our audit of the standalone 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.





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Key Audit Matters

Key Audit Matters are those matters that, in our Professional Judgment, were of most Significance in our audit of Standalone Ind As financial statements of the current Period. These matters were addressed in the context of our audit of the Standalone Ind As financial statements as a whole and informing our opinion thereon and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA701, Key Audit Matters are not applicable to the Company as it is an unlisted Company.

Information Other than the Standalone Ind As financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annexure to Board's report but does not include the standalone Ind As financial statements and our auditor's report thereon.

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

In connection with our Audit of the standalone 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 standalone Ind As financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work, we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind As financial statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind As financial statements that give a true and fair view of the financial position, and financial performance and the cash flow of the company in accordance with the Accounting Principles generally accepted in India including the Indian Accounting Standards specified under Section 133 of the Act, Read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") This responsibility includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and detecting the fraud 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 Internal Financial Control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind As financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





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In preparing the standalone 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.

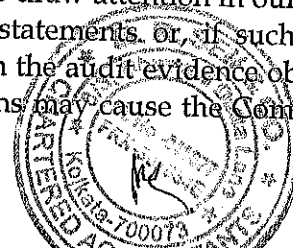
The boards of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of the Standalone Ind As financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone Ind As 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 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.
- 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 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 standalone 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.





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- Evaluate the overall presentation, structure and content of the standalone Ind As financial statements, including the disclosures, and whether the standalone Ind As financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

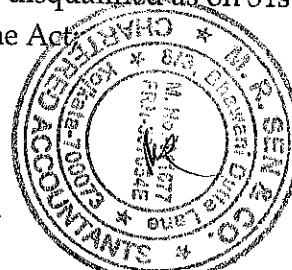
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind As financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.

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;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, the statement of cash flows dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone standalone Ind As financial statements comply 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")
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.





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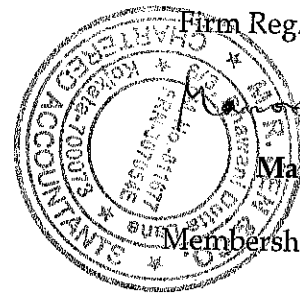
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- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position,
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Kolkata

Date: 4/12/2020

For M. R SEN & CO.
Chartered Accountant
Firm Reg. No. 307054E



Manoranjan Sen
Manoranjan Sen
Proprietor
Membership no. 011677



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ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on other legal and regulatory requirements' section of our report to the members of BHAGALPUR ELECTRICITY DISTRIBUTION COMPANY PRIVATE LIMITED of even date)

1. In respect of the Company's fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets on the basis of available information.
 - b) The fixed assets of the Company were physically verified in full by the management during the year. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us, the records examined by us and based on the examination of conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the company as at the balance sheet date.
2. The inventory has been physically verified by the management during the year. In our Opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.
3. According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.
4. In our opinion and according to the information and explanation given to us, in respect of loans, investments, guarantees and security, the Company has complied with the provisions of sections 185 and section 186 of the Companies Act, 2013.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits and accordingly, paragraph 3 (v) of the order is not applicable.
6. The Central government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the ACT for any of the activities of the Company and accordingly, paragraph 3 (vi) of the order is not applicable.





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7. In respect of statutory dues:

- (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/screed in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities

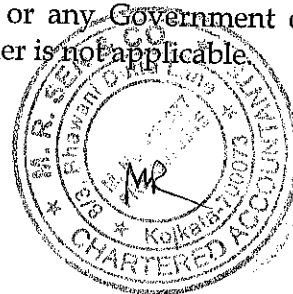
According to information and explanations given to us, there are some undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

Name of the Statute	Nature of the dues	Amount (₹)	Period to which amount relates	Due Date
Employees State Insurance Corporation	ESI Payable	10,409/-	F.Y. 2013-14	21/04/2014
Professional Tax	PT Payable	48,500/-	F.Y. 2017-18	30/09/2017
Professional Tax	PT Payable	8,000/-	F.Y. 2018-19	31/10/2018
Tax Deducted at Source	TDS	10,49,825/-	F.Y. 2018-19	30/04/2019
Tax Deducted at Source	TDS	43,26,021/-	F.Y. 2019-20	30/04/2020

- (b) According to information and explanations given to us and the records of the Company examined by us, there are dues of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute given below:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period To Which amount relates	Forum where dispute is pending
Income Tax Department	Income Tax Due	1,45,85,280	F.Y. 2013-14	Income Tax (Appeal)-CIT(A)-Kolkata

8. In our opinion and according to the information and explanation given to us, the Company has not outstanding dues to any financial institutions or bank or any Government or Debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable





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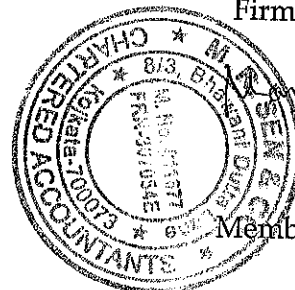
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9. The Company has not raised any money by way of Initial Public Offer or Further Public Offer (including debt instruments) and term loans during the year. Accordingly, Paragraph 3(ix) of the order is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or no material fraud on the company by its officers or employees has been noticed or reported during the year.
11. The Company is a private limited company and hence provision of section 197 read with schedule V of the Companies Act are not applicable. Accordingly, Paragraph 3(xi) of the order is not applicable.
12. The Company is not a Nidhi Company and accordingly, paragraph(xii) of the order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, Where applicable, the details of such transactions have been disclosed in the standalone Ind As financial statements as required by the applicable Indian Accounting Standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, Paragraph 3(xiv) of the order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with the Directors or persons connected with them. Accordingly, clause (xv) of the order is not applicable.
16. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Kolkata

Date: 4/12/2020

For M. R SEN & CO.
Chartered Accountant
Firm Reg. No. 307054E



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Manoranjan Sen
Proprietor
Membership no. 011677



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"ANNEXURE B" - TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on other legal and regulatory requirements' section of our report to the members of BHAGALPUR ELECTRICITY DISTRIBUTION COMPANY PRIVATE LIMITED of even date)

Report on the internal financial controls over financial reporting under clause (i) of sub-section 3 of section 143 of the companies Act, 2013("the Act").

We have audited the internal financial controls over financial reporting of **BHAGALPUR ELECTRICITY DISTRIBUTION COMPANY PRIVATE LIMITED** ("the Company") as of **March 31, 2020** in conjunction with our audit of the standalone Ind As financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

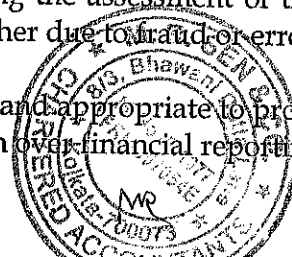
The board of directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind As financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





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Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind As financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind As 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 standalone Ind As financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

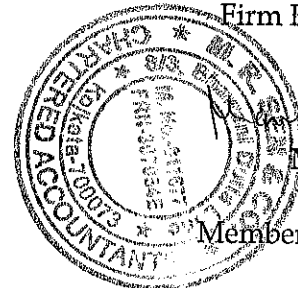
Opinion

In our opinion and according to the information and explanations given to us , the Company has, in all material respects, an adequate Internal Financial Control system over Financial Reporting and such Internal Financial controls over financial reporting were operating effectively as of March 31, 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 the Institute of Chartered Accountants of India(ICAI).

For M. R SEN & CO.
Chartered Accountant
Firm Reg. No. 307054E

Place: Kolkata

Date: 4/12/2020



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